

ITT's Chief Can't Recall Chile Offer

By JEREMIAH O'LEARY
Star-News Staff Writer

ITT Chairman Harold S. Geneen today told Senate investigators he had no recollection of offering a financial contribution to CIA agent William V. Broe for support of a democratic candidate before the 1970 Chilean election but "accepted" that he might have done so.

However, Geneen acknowledged directing that the State Department and Dr. Henry A. Kissinger be informed that ITT was willing to assist financially in any U.S. government plan to protect American investment in Chile after Marxist Salvador Allende's election seemed certain last that year.

Geneen's testimony today before the Senate Subcommittee on Multi-national Corporations drew a sharp distinction between his July 1970 meeting with Broe in Washington and ITT's decision to "risk reasonable additional funds" in September when Allende appeared assured of the presidency.

The kind of U.S. government plan ITT was willing to support financially, Geneen testified, "would offer Allende a quid pro quo for proceeding with nationalization in a manner that would provide for a long-term recovery of U.S. investments. Of course, our thinking was very preliminary and we had no specific plans but we did think that some socially constructive joint private industry and government projects could be part of the overall plan.

"SUCH A PLAN might well envision the willingness on our part and others risking additional reasonable funds in order to safeguard the very large amount which were at risk."

"The amount of up to seven figures," Geneen said, "was intended to show a serious intent and to gain serious attention from the government."

Geneen Concedes I.T.T. Fund Offer To Block Allende

By EILEEN SHANAHAN
 Special to The New York Times

WASHINGTON, April 2—
 Harold S. Geneen, chairman of the International Telephone and Telegraph Corporation, said today that he did not recall having offered a "substantial" sum of money to the Central Intelligence Agency in 1970 to help prevent the election of Salvador Allende Gossens as President of Chile.

But Mr. Geneen told a Senate subcommittee that, since he had "no recollection to the contrary," he would accept the testimony of William V. Broe, a C.I.A. official who said he had been offered the money in 1970. At the time, Mr. Broe was the head of the intelligence agency's clandestine operations in Latin America.

Mr. Geneen testified about the events of 1970 and 1971 before the subcommittee on multinational corporations of the Senate Foreign Relations Committee. He was the final witness in the first phase of

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the subcommittee's inquiry into the actions of these large companies, which operate all over the world, and the extent to which they may influence United States foreign policy.

Mr. Geneen said that, assuming he did make the offer of cash to Mr. Broe, it was probably an "emotional reaction" to learning from their conversation that the United States was planning no action to attempt to defeat Dr. Allende, who is a Marxist, and who had campaigned on a platform of nationalization of basic industries.

Mr. Geneen said that the hands-off policy of the United States in 1970 represented a reversal of a policy dating back 14 years—"the policy to maintain a democratic government in Chile," through large-scale economic aid and in other ways.

He said he was particularly upset because he, with other American businessmen, had been encouraged to invest in Chile as part of the United

States Government's program of helping to develop the country and keep it democratic.

What he heard from Mr. Broe when they met in July, 1970, "was different from anything business had heard before," Mr. Geneen said.

Action Defended

Mr. Geneen defended his action in going to the C.I.A. to discuss the election in Chile and confirmed that it was John A. McCone, a former head of the intelligence agency and now a director of I.T.T. who had first suggested this to him. Mr. Geneen said he saw nothing improper in an American corporation dealing with the C.I.A. since it was part of the Government and any company had the right to "petition the Government" on behalf of its own interests.

Senator Frank Church, Democrat of Idaho, asked why Mr. Geneen went to the intelligence agency if it was only "petitioning" the Government.

Mr. Geneen replied, "I think of them as suppliers of good information." He said his basic mission had been to find out what the Government thought about the situation in Chile.

Senator Charles H. Percy, Republican of Illinois, asked why Mr. Geneen thought the agency had designated Mr. Broe to talk to I.T.T. officials when he was in charge of cover operations if the purpose of the talks was merely information.



The New York Times
 Harold S. Geneen, head of I.T.T., before the Senate Foreign Relations subcommittee yesterday.

Misadventures on Chile

"Somebody has lied," Senator Frank Church said in reference to contradictory testimony before his Foreign Relations subcommittee on political schemes proposed for Chile by the International Telephone and Telegraph Corporation and the Central Intelligence Agency. Somebody certainly has, and it becomes even more imperative for the committee to establish who it was—now that I.T.T. chairman Harold S. Geneen has added to the evident contradictions in sworn testimony.

Mr. Geneen insists that the giant firm he heads "did not take any steps to block the election of Salvador Allende as President of Chile" and that an I.T.T. director "did not offer to contribute anything to the C.I.A.," in talks with Richard Helms, then director of the intelligence agency, and with Henry A. Kissinger in the White House.

But that I.T.T. director, John A. McCone, told the subcommittee on March 21 that Mr. Geneen had instructed him to inform Mr. Helms and Mr. Kissinger that the corporation was ready to contribute a million dollars or more "in support of any Government plan for bringing about a coalition of opposition to Allende."

Mr. Geneen insists that all I.T.T. did after the Allende Government took over its Chilean subsidiary in 1971 was "to present its views, concerns and ideas" to various Government departments in Washington. This, he said, was "not only I.T.T.'s constitutional right but also its obligation."

But William R. Merriam, an I.T.T. vice president, sent a letter and an "action" memorandum to a White House economic adviser in October 1971 with an eighteen-point plan for economic action to insure "that Allende does not get through the next six months."

Mr. McCone's testimony and Mr. Merriam's letter and memorandum could seriously jeopardize I.T.T.'s claim for \$92.5 million in compensation from the United States Government's Overseas Private Investment Corporation for the seizure of its Chilean properties. But the C.I.A. has also been severely tarnished in testimony before Senator Church's committee.

By making its own proposal to I.T.T. for waging economic war against Chile and thus, it hoped, persuading the Chilean Congress to reject Dr. Allende in 1970, the C.I.A. went wildly beyond any legitimate intelligence function and also disclosed incredible ignorance and naiveté about Chile's political situation.

If a State Department witness is correct in insisting that the official United States policy toward Chile, before and after Dr. Allende's election, was one of "nonintervention," it is evident that the C.I.A. once again was conducting its own foreign policy, "going off on a frolic of its own," as Senator Fulbright suggested, and raising anew the question whether there are effective controls over its agents and activities.

The close, confidential links between the corporate giant and the intelligence agency were unquestionably facilitated in this case by the kind of unhealthy relationship that ought to be barred by policy if not by law. Mr. McCone, who says he took the million-dollar offer to the C.I.A. and White House, was Mr. Helms' predecessor as head of the intelligence agency and still serves as consultant to it.

In their schemes to block the election of a Marxist President in Chile, the C.I.A. and I.T.T. have damaged the best interests of the United States.

I.T.T.

ALLENDE SCOFFS AT FUNDS FOR I.T.T.

Says Chile Won't Pay Even Half a Cent Compensation

SANTIAGO, Chile, April 10 (AP)—President Salvador Allende Gossens said today that Chile would not compensate the International Telephone and Telegraph Corporation for its expropriated Chilean assets. Dr. Allende also contended that the Central Intelligence Agency had worked with I.T.T. to try to block his election in 1970.

The I.T.T.-operated Chilean Telephone Company was taken over by Dr. Allende's leftist Government in 1971. Official nationalization of the company's majority interest is pending in Chile's Congress.

"No one can dream that we are going to pay even half a cent to this multinational company which was on the verge of plunging Chile into civil war," Dr. Allende said.

He referred to testimony in United States Senate hearings that I.T.T. had sought to keep him from becoming president in 1970.

As a result of the Senate hearings, Dr. Allende said he could "now say North American officials and agencies of the United States tried to thwart the will of the Chilean people."

Accuses 'Imperialist' Concerns

The President also accused "imperialist" corporations of fomenting wars, worldwide inflation and of dominating the economies of underdeveloped countries. He mentioned the Anaconda Company and the Kennecott Copper Corporation, whose multimillion-dollar assets in Chile have been nationalized.

Dr. Allende said that Chile's dispute was not with "the people or the workers of the United States" but with the United States Government and international corporations.

"Here in Chile, we do not use the term 'Yankee go home,'" he said. "We say, 'Imperialists go home.'"

Dr. Allende spoke in Santiago to a World Labor Unions Assembly, attended by 1,500 delegates from 70 countries.

He predicted that Chile's Congress would approve nationalization of I.T.T.'s 73 per

cent of the telephone company. The corporation has said that its share was worth \$153-million. It also has other assets in Chile, including two luxury hotels, a car rental agency and communications company.

A bill unanimously approved by the Chilean Congress in July, 1971, nationalized United States interests in five copper mines without compensation to Anaconda, Kennecott of the Cerro Corporation.

The bill estimated the assets of the three companies at \$653.9-million but ordered a total of \$1-billion deducted for excess profits, damage to mine installations and depreciation.

U.S. Stands by Denial

Special to The New York Times

WASHINGTON, April 10 — The State Department said today that it would adhere to an earlier statement by a former State Department official denying the accusation that the United States and I.T.T. conspired to prevent Dr. Allende's election in 1970.

The Senate Foreign Relations subcommittee on multinational corporations recently held seven days of hearings on I.T.T.'s involvement in Chilean affairs. During the hearings Charles A. Meyer, former Assistant Secretary of State for Inter-American Affairs, testified that, so far as he knew the C.I.A. was never specifically authorized to explore the possibility of using private American corporations to damage the economy of Chile in any attempt to influence the 1970 election there.

On the first day of hearings an I.T.T. official, William R. Merriam, said that William V. Broe, director of the C.I.A.'s clandestine activities in Latin America, had "agreed with the recommendations" that the corporation made in 1970 to try to prevent the election of Dr. Allende.

It was also revealed that I.T.T. had offered \$1-million to the United States Government to block the election of Dr. Allende. But various officials of I.T.T. and the C.I.A. gave conflicting testimony on whether the money was to be used "constructively" against Dr. Allende.

April 16, 1973

In its closing days, Vietnam seems to have answered (or at least indicated an answer to) the long-argued question as to how well American big bombers might do in delivering nuclear weapons against a sophisticated air defense.

The survival with low attrition of U.S. B52s against the world's most advanced Russian-model air-defense system (that of Hanoi and Halphong), including not merely SA-2 missiles, as widely reported, but also the new and feared, low altitude SA-3, certainly seems to indicate that more modern B52s, let alone the oncoming B-1 Super Bomber complete with such electronic decoys as the SCAD (available in 1974), are by no means obsolete as nuclear-delivery vehicles.

Finally, the turning-points of the war can now be clearly identified as:

1965 (U.S. commitment of ground forces to save South Vietnam), 1968 (destruction of the Vietcong at Tet); 1970 (the closing of Sihanoukville in Cambodia and neutralization of Cambodian sanctuaries; and finally, 1972 (destruction of Hanoi's offensive capability to wage big war).

Who won the war?

Nobody.

Who lost?

Everybody.

Perhaps Benjamin Franklin had it right when he wrote: "I never knew a good war or a bad peace."

Or, in the end, looking to the future, might we not turn to William Tecumseh Sherman? "The only legitimate object of war," he somberly said, "is a more perfect peace."

AMERICAN TREATIES AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, some people who oppose the Genocide Convention treat it as if it were unique in the history of American treaties, as if it were a radical departure from any international agreement that the United States has ever been a party to.

To fully appreciate the Genocide Convention it is necessary to examine it in the context of the other treaties that the United States has ratified. When this is done we find that there are treaties such as the Interim Convention on Conservation of North Pacific Fur Seals and the Supplementary Slavery Convention which establish and define crimes, just as does the Genocide Convention. We find that there are treaties which provide for extradition for a variety of crimes such as murder and robbery. Genocide would become one among many crimes for which extradition would be possible, under conditions determined by the Executive and the Senate in ratifying an extradition treaty for genocide.

The Genocide Convention does not stand alone. It stands within a substantial body of American laws and treaties, and it stands under the Constitution. When looked at in the total context of American jurisprudence, we can see that the Genocide Convention is not unique, but that there is precedent for it.

Mr. President, I urge the Senate to ratify the Genocide Convention as soon as possible.

BIOMEDICAL RESEARCH

Mr. JAVITS. Mr. President, a recent thoughtful editorial in the Syracuse Herald-Journal focused public awareness on

the complex critical issues which confront the Congress in responding to the serious problem of human subjects at risk in biomedical research.

The Herald-Journal editorial entitled "Rights of the Helpless" gives careful and serious consideration to the subject and supports two measures I authored—S. 878 and S. 974—to confront the problem. The editorial states:

Senator Jacob K. Javits, New York Republican, has proposed legislation to apply guidelines for all HEW research grants. We agree.

He would set up special funds for medical school courses on clinical research ethics. We also agree.

I commend this editorial on the need for congressional action on the rights of human subjects at risk in medical research and ask unanimous consent that the full text of the editorial entitled "Rights of the Helpless" be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RIGHTS OF THE HELPLESS

It is time that human and animal "guinea pigs" have rights!

Recall the revelation last July that the Public Health Service had failed to treat 430 men injected with syphilis in one of its experiments?

Remember the horror tales that creep out of laboratories conducting research on helpless animals?

Now we read of experiments in birth control being conducted on women from the backwood areas of Tennessee with threats that if they do not cooperate welfare checks will be withheld!

Almost every new procedure or drug must be tested on animals and then on a selected group of humans before it can be safely prescribed for the general patient population.

And the new advances in the fields of genetics, brain surgery, behavior control and drug therapy among others heighten the stakes in ethical decisions affecting life and behavior.

Standards must be set immediately and a "bill of rights" must be approved for these helpless humans and animals.

We understand the Department of Health, Education and Welfare is considering overhaul of its guidelines on human experimentation, and a Senate subcommittee has opened hearings, expressing concern because so many prisoners, children or mentally ill have been used for this research.

Sen. Jacob K. Javits, New York Republican, has proposed legislation to apply guidelines for all HEW research grants. We agree.

He would set up special funds for medical school courses on clinical research ethics. We also agree.

But some members of Congress are expressing reluctance to overhaul standards for clinical research or to enact a "bill of rights" because they worry about conflict with the traditional belief that doctors should regulate their own profession.

Fine but what about the syphilis experiments? The horror tales of animal research? The birth control threats in Tennessee? Where were the doctors?

We need rights for those who are helpless soon!

ITT IN CHILE

Mr. McGEE. Mr. President, it is apparent, from the recent hearings conducted by the Multinational Corporations Subcommittee of the Senate Foreign Relations Committee, that ITT has

rendered this Nation a great disservice in its attempts to prevent Chilean President Allende from coming to power.

However, one of the problems we encounter in focusing so much attention on ITT and other multinational corporations is that it gets us off the track of what our policy should be as it relates to areas of the world such as Latin America.

In Sunday's edition of the Washington Post, there appeared an editorial pointing out that ITT's attempted intervention in Chile is not a typical case.

The Post editorial noted:

It should not be taken for granted . . . that the ITT affair in Chile showed your typical American corporation consumed by greed and contempt for the natives. Latins should be the first to insist that they have the pride and the savvy to cope with foreign firms. The legitimate contribution the multinationals can make to development, and the political ripples which even the most honorable and effective operations will cast, must be read into the equation too.

While we in the Congress cannot tolerate or allow another ITT incident, we cannot let this blind us. Instead, we should be devoting our efforts to defining what our overall policy should be as it relates to developing areas of the world such as Latin America. We do need a reassessment of our relations with Latin America, recognizing that significant, new development in the world have outdated many aspects of our policy. That should be the focus of our attention.

I ask unanimous consent that the Washington Post editorial of April 15, 1973, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ITT IN CHILE: NOT A TYPICAL CASE

A tendency to regard almost all American-controlled corporations operating in Latin America and elsewhere as predatory and "imperialistic" and as servants (or masters) of American policy has long flourished in many liberal quarters here and in many Latin and third-world countries as well. This tendency can hardly fail to have been strengthened by disclosure of ITT's unsuccessful effort to trigger CIA intervention in Chile three years ago. As regular readers know, we hold no brief for ITT's Chilean maneuvers; denial of its insurance claim by the U.S. government agency that insures American business against expropriation losses seemed to us only right. We would consider it harmful and wrong, however to have this one episode involving one corporation be taken as typical of all American corporate-official performance abroad.

We would note, first of all, that American firms no longer storm ashore under the cover of naval gunfire to set up economic beachheads from which to control local governments. They are invited ashore, or allowed to stay ashore, because they have something to offer—a capacity to mobilize foreign and local capital, to introduce new technology, to produce substitutes for imports or good for export, etc. If the terms on which such corporations work are found to be too onerous, then the local government can change them. It was precisely by changing the terms—too late and too fast, granted—that Chile brought about the situation of which ITT's misfortunes are a part. It is to avoid such precipitate changes that most corporations go to considerable lengths these days to be good citizens—obeying local laws, training local workers, sharing control—and to keep a close eye (as ITT failed to do) on stirrings of political change.

1968, when General Abrams took this effort in hand.

The ultimate proof of Abram's (and of course the ARVN's) success came in 1972 when—with American air and naval support to be sure—ARVN soldiers and marines resolutely fought the flower of Hanoi's iron regulars. Despite Communist Gen. Vo Nguyen Giap's contemptuous head-on strategy that called for the capture of Hue by May 1, that obliterated An Loc but never took it, that never won Kontum or Pleiku, and never came near cutting South Vietnam in two—despite the massive Ardennes-like invasion of the South by 14 veteran Communist divisions, the ARVN stopped them in their tracks and saved the South.

One reason why the ARVN in 1972 found itself so dependent on American air power was the other major planning mistake for which U.S. advisers must be held blame-worthy. This was the failure to foresee the need for a South Vietnamese Air Force sufficiently powerful and versatile to meet requirements which in hindsight seem so clear.

Building so technically oriented a service as an air force, where quality and individual performance count for so much, is a process which, beyond very definite limits, cannot be accelerated. Thus, because of inadequate decisions going in some cases five or more years back, South Vietnam even now finds itself with an air force perhaps two or three years behind the requirements of the other services and the present national situation.

The relative retardation of the Vietnamese Air Force—however well it performed within given limits during the 1972 crisis—accounts in the main for our continuing requirement to retain strong American aviation units in Thailand to prevent the MIG-equipped North Vietnamese from one day storming into the South, attaining air supremacy and starting a new war.

No past war in American history—possibly in all history—has been waged by a great power under such a burden of constraints, self-imposed handicaps and self-defeating limitations.

Some of these—for example, the enemy's savage resort to hostage warfare, using U.S. POWs—were unavoidable. Others—national defeatism, failure to proceed straightforwardly with declared war, the bankrupt strategy of graduated response—were our own doing.

No matter how the war finally ended, it was a defeat for the United States in terms of its psychological aspects. Because the Communists thoroughly understood and proficiently manipulated world and American domestic opinion, they scored point after point and at certain times (such as the student uproar in mid-1970) brought the country close to insurrection.

Besides exploiting American defeatism and propagating the notion (which only our ultimate stern actions in mining and bombing the north dispelled) that Hanoi had no breaking-point, Communist propaganda successfully perpetrated the worldwide dike-bombing hoax and a host of lesser atrocity counts with which (as in the case of the equally false Korean germ-warfare charges) the United States will remain smeared for a generation.

The most difficult single constraint on the war effort was the unremitting hostility of American news media, and particularly that of U.S. major television networks.

Underlying this bitter conflict lies the whole unsolved question of fighting undeclared wars in an open society operating under the First Amendment.

The United States came near to defeating itself by television, which, we should soberly realize based on Vietnam experience, comes close to being a quite unprecedented weapon for the mass destruction of national will.

Future historians will be struck if not amazed at the consistently high (and quite undeserved) credibility and sympathy accorded Communist Hanoi, as opposed to the vilification and disbelief meted out by American media towards their own government and soldiers.

Unquestionably, many of the grave difficulties encountered in a totally visible war arose from the lack of censorship which in turn derived from the absence of declared war. In this connection, older readers will remember, for example, that the World War II public never saw a picture of a dead American GI until after the Normandy landings in 1944.

Another consequence of undeclared war was the decision not to mobilize reserves and thus to rely on draftees to fight a war which most came to detest and resist. The poisonous effect upon the morale and discipline of the army of hostile, overeducated, resentful draftees surfaced most clearly in the succession of post-1969 unit mutinies in the face of the enemy and in the repeated murder (known as "fragging") of strict or unpopular officers or NCOs.

Perhaps the hardest lesson for the United States to learn in Vietnam was the realization of how difficult it may be for a great power to bring its full weight and strength to bear in a distant, politically tangled and obscure overseas war of limited objectives. It was this very perception which once prompted the Duke of Wellington to say, "For a great power, there can be no such thing as a little war."

After this long litany of misperceptions, national illusions, poor decisions and near disasters, the question may well be asked—how did the United States manage to come through as well as it has?

The positive factors, few indeed, yet sufficiently weighty to have tipped the scales, seem to be as follows:

Absolute control of the air and the sea. While the Communists enjoyed and exploited their transborder sanctuaries deep in the jungles of Laos and Cambodia, the United States had its own sanctuaries offshore on blue water; aircraft carriers that Viet Cong sappers could never harass, floating naval artillery (though never enough of it) with invulnerable battery-positions and unlimited on-position ammunition. Moreover, because 90 per cent of what Hanoi required to sustain war reached it by sea, our control of the sea and our power to deny it to Hanoi's suppliers, as we did by mining Haiphong and the other ports, may well be viewed as the ultimately decisive factor in the war.

American technical innovation and superiority. This characteristically American advantage comprehends firepower (laser bombs, automatic weapons, beehive ammunition, all types of "SMART" ordnance) massive use of helicopters—pioneered in Korea, one war earlier, by the U.S. Marine—sensors, weather modification, modern mines, pilotless aircraft (RPVs), electronic warfare in a hundred guises and shapes, superb communications, generally superior mobility and crushing logistic superiority.

Ultimate success of two twin but distinct U.S. programs—Vietnamization and pacification. Vietnamization meant the transfer of the war to a sufficiently trained, equipped, motivated and battleworthy ARVN which could then assume the burden of defending South Vietnam. This has been accomplished.

Pacification meant the process of defeating Viet Cong terrorism and shadow government throughout South Vietnam and winning the support and confidence, in particular, of the rural population.

The very process of this complex many-faceted and highly sophisticated program was what prompted, in fact inexorably compelled, Hanoi to throw in its last reserve, its regular army into overt invasion of the South. Only when the Communists recognized that time

was running against them in the pacification struggle did they determine to stake everything on a final throw of the iron dice.

Hanoi's reckless penchant for big war. From the moment Vo Nguyen Giap crushed the French—the first defeat in history of a modern army by Asian guerrillas—North Vietnam allowed itself to be seduced into illusions of military omnipotence. These illusions led to the Communists' most fundamentally bad decision—that to challenge the United States frontally in 1964-65.

Following this gravest mistake, came two other almost equally serious Communist errors: headlong commitment of the hoarded flower of the Viet Cong to the Tet Offensive in 1968 (coupled with the disastrous failure to replay Dien Bien Phu when encircled U.S. Marines at Khe Sanh refused to emulate French mistakes); and, in 1972, the final, reckless and irretrievable North Vietnamese invasion of the South in a campaign which, 300 days later in the end, came close to costing Hanoi its effective regular army.

In summary, and no doubt in oversimplification it might be said that the winning equation for the United States could be formulated in these terms:

Vietnamization plus pacification plus destruction of the Viet Cong (Tet 1968) plus frontal defeat of the North Vietnamese Regular Army (1972) plus blockade plus final bomber offensive (December 1972) equals attainment of U.S. objectives."

What the foregoing equation omits—because limited to military factors—is the overwhelming success of Nixon-Kissinger diplomacy in forging a consensus among the great powers that Vietnam could no longer be allowed to continue as a poisoned apple of discord in world affairs.

Without that essential precondition, the American agony in Indochina would still be dragging on.

IT IS EASY TO START A WAR, NOT SO EASY TO STOP ONE

A few conclusions as to the war—miscellaneous and fragmentary because we are still so near the event—warrant statement even at this point-blank range.

Vietnam cannot be regarded as a typical guerrilla war on a theoretical model for future wars of national liberation. It was America's peculiar misfortune to involve itself gratuitously in a uniquely difficult situation which it would be nearly impossible to duplicate in other times or places.

For those who launch wars of national liberation, the wreckage of Vietnam should underscore a rueful but typically blunt remark by Nikita Khrushchev after Korea: "It was easy enough to start the Korean War. It was not so easy to stop it."

Despite massive Communist propaganda to the contrary, Vietnam was not a true civil war. At most—while the authentic indigenous Viet Cong of the South still played a role, before their virtual liquidation at Tet 1968—it represented an externally fomented revolt within the South. Vietnam, in fact, was no more a civil war than was Korea, and openly ended the way Korea began, with overt invasion by Hanoi's regular army across the DMZ in March 1972.

WHO WON THE WAR? NOBODY. WHO LOST? EVERYBODY

Profound differences divide the two Vietnams and it is a historical fact, too often disregarded, that, during the past 800 years, less than a hundred altogether have ever seen all of today's Vietnam unified under one government.

Vietnam may well prove to be last large rural insurgency based in the countryside rather than the cities. Until the mid-1960s, guerrilla war was regarded, classically speaking, as a rural phenomenon. Since that time, urban terrorism has taken deep root in the cities (as in Northern Ireland) and looks like the wave of the future in revolutionary war.

This is not to say that all corporations are equally and fully attentive to the economic, political and psychic needs of host countries, nor that the terms of their tenure should not continually be under mutual review. It is to say that very few corporations get into ITT's kind of fix in Chile. Host countries may honestly lament the limited alternatives the world economy permits them; the contrast with the broader alternatives of the multinationals can be painful. Local politics or international pressures often ensure that such laments are loud. But the hosts know the corporations provide useful service, as indeed they do.

The charge that Washington and the American-controlled multinationals work hand-in-glove is, at most, only partly true. When the United States squeezes off international development loans to win better treatment for an American firm, as the Nixon administration has in Chile, then the charge is warranted. But other aspects of the ITT affair dilute it. A power structure controlled by big business would not have set up a Senate subcommittee to investigate alleged foul play by ITT. The investigation, moreover, received unprecedented assistance—in making CIA witnesses available, for example—from a Republican administration, no less, and it was followed by official rejection of the company's expropriation insurance claim. The exposure and financial penalty surely will be noted by other corporations operating overseas.

No doubt the widespread myth of American corporate rapacity has enough grounding in past history and in current political and ideological appeal to survive even the most stringent contest with reality. And it is not, of course, that the multinationals are all faultless in their policies today. Certainly, or so their stockholders must hope, they are not engaged in public philanthropy. It should not be taken for granted, however, that the ITT affair in Chile showed your typical American corporation consumed by greed and contempt for the natives. Latins should be the first to insist that they have the pride and savvy to cope with foreign firms. The legitimate contribution the multinationals can make to development, and the political ripples which even their most honorable and effective operations will cast, must be read into the equation too.

SERVICES OF RMP'S SHOULD CONTINUE

Mr. JAVITS. Mr. President, a recent editorial in the Union-Sun & Journal addressed itself to the substantive issues involved in the regional medical program, one of the many health authorities encompassed in the recent Senate-passed omnibus extension of expiring health programs, S. 1136.

The editorial praises the accomplishments of the lakes area regional medical program which embraces Niagara, Erie, Allegany, Cattaraugus, Chautauqua, Genesee, and Wyoming Counties in New York, as well as Erie and McKean Counties in western Pennsylvania. The lakes area regional medical program is one of six regional medical programs in New York State, the others being the Albany RMP, the central New York RMP, the Nassau-Suffolk RMP, the New York metropolitan RMP, and the Rochester RMP.

The achievements of the lakes area RMP discussed in the editorial evidence why, as I have previously indicated when the Senate considered S. 1136, the Nation must continue the services of the regional medical programs. Whatever

may be the shortcomings of the RMP's—as alleged by the administration—the Nation cannot afford its preemptory termination. And, Congress must determine how the programs' mission should be reoriented to make RMP's even more effective in providing and developing high quality health care for all Americans.

I commend the editorial entitled "A Threat to Medical Care" to the attention of Senators and ask unanimous consent that it be printed in the RECORD.

There being no objection, the following editorial was ordered to be printed in the RECORD, as follows:

A THREAT TO MEDICAL CARE

Despite a campaign pledge to improve the nation's health care services, President Nixon has urged Congress not to renew the law which authorizes the program which has done the most to accomplish that aim.

The President's budget for the coming fiscal year failed to request any funds for the regional medical programs which, through federal funding, have been able to improve medical care and thus help solve many of the nation's principal health problems.

Unless corrective steps are taken by Congress, all 56 regional medical programs of the nation will close their activities by June 30.

Fortunately, this may not happen. A bipartisan group of 15 U.S. senators, including Jacob Javits, R-N.Y., has introduced legislation that would continue such programs at least until June 30, 1974.

Another sponsor of the legislation, Sen. Edward M. Kennedy, D-Mass., acknowledged that "some of the concern the President has with respect to the way in which some of these programs are working is valid." He said, however, that some of the programs can be consolidated, others changed to make them work better.

Meanwhile, if the proposed bill is enacted, he pointed out, Congress can use the next year for a careful examination of each of the programs.

This could have a pronounced effect upon Western New Yorkers because the Lakes Area Regional Medical Program (LARMP) embraces Niagara, Erie, Allegany, Cattaraugus, Chautauqua, Genesee and Wyoming counties as well as Erie and McKean counties in Western Pennsylvania.

It so happens that LARMP has been one of the nation's outstanding regional medical programs. Among its many accomplishments have been:

Funds to establish a radio communications network linking all police and fire departments, hospitals and transit authorities to improve and coordinate emergency medical services in Erie County and eventually the region. In addition, an associated Medical Emergency Technicians Training Program (MET) has been established to train 5,000 ambulance and rescue squad attendants over a three-year period.

Trained 325 nurses in coronary and pulmonary care throughout the region.

Programs to improve existing skills of health personnel have benefited 1,704 physicians, 10,157 nurses and 3,752 other health personnel during 1970-73.

Developed new skills in existing health personnel which have been of benefit to 905 nurses who, in turn, have been indirectly responsible for training additional groups serving an estimated 1,070,551 persons in the region.

Placed 102 health science students in the rural communities of the region under a Rural Externship Program which hopefully will encourage these students to settle in a rural area where health manpower is scarce.

A telephone lecture network connecting hospitals in the region which has been used

to meet the educational and training needs of over 60,000 health professionals during its four years of operation.

All these, and many other such services, have been provided by LARMP which would not otherwise have been available. It would be tragic, indeed, if this program were to be abandoned while so much more needs to be done to improve medical care services so that every person, regardless of means, is able to benefit.

ELABORATE RETIREMENT CEREMONIES FOR AIR FORCE BRASS

Mr. PROXMIRE. Mr. President, according to an official 51-page booklet of orders, 2 days of ceremonies for a retiring major general at Malmstrom Air Force Base, Mont., the end of February included a parade and a flyby of 12 F-106's and 16 F-101's, B-57's, F-104's, and T-33's flown by Air Force and Canadian pilots.

The cost of this retirement party must have been in the tens of thousands of dollars. The book of orders alone was distributed in some 82 copies.

There are 375 major generals in the Army, Air Force, and Marines. If all the other general and flag officers of our military are treated equally, the amount spent annually for retirement ceremonies must be staggering.

I have asked the Secretary of Defense to estimate the cost to the taxpayers of all this pomp and circumstance, including the manpower and material expense. I have also asked for a justification for these elaborate ceremonies.

The orders booklet, "24th NORAD Region Operations Order 3249," was issued on January 31, 1973, for the ceremonies on February 27 and 28. The meticulously detailed orders described the "mission" this way:

To provide personnel, aircraft, aircrew, logistical and administrative support, necessary planning, guidance and instructions to conduct appropriate retirement ceremonies of the highest standard for Major General William S. Harrell. To insure the ceremonies are safely and successfully accomplished.

The orders called for a cocktail party and a banquet on February 27, followed the next day with a retirement and change of command ceremony, a parade, an aerial review, and a reception. Both the flyby and parade were to be rehearsed, according to the orders.

Cooperating in this effort were the North American Air Defense Command, the Aerospace Defense Command, Canadian Forces, the Federal Aviation Agency, the 341 Strategic Missile Wing, and the 341 Combat Support Group. Arrangements were made for providing awards and honors, and making sure that the visiting dignitaries were well taken care of.

FREE GIFTS FOR RETIREMENT

I have also asked for an explanation of an installation in the Washington, D.C., area where retirement gifts for military and civilian personnel are made.

The U.S. Army Recruiting Support Center at Cameron Station, Alexandria, Va., spends 50 percent of its time making gifts. Regulations call for such work to be done voluntarily and at a nominal cost.

Instead, work orders are issued to 100

military men to make exhibits, bookends, metal photos, slide shows, display cases for medals, guns, and maps, pistol boxes, displays of ammunition, framed invitations, murals, Pentagon-shaped cigar boxes—all to be given at taxpayers' expense to retiring generals, admirals, and high ranking Pentagon civilians.

What is this if it is not fat in the military budget?

When a taxpaying worker retires from a company after 40 years, he is lucky if he gets the traditional \$50 watch. Under the Air Force system, he and his company will be paying tens of thousands of dollars in taxes to finance this long goodbye to the big brass. It seems that modern Air Force generals, unlike old soldiers, do not just "fade away."

TWENTY-FIFTH ANNIVERSARY OF ARTHUR R. WATSON AS DIRECTOR OF THE BALTIMORE ZOO

Mr. BEALL. Mr. President, in a day and age where many Americans are re-discovering the wonders of nature, much credit for this growing awareness must go to the zoos scattered throughout our country.

In my State, the Baltimore City Zoo has long been classed as one of the Nation's best. With a zoo population of over 1,000, representing 386 species, it has become a mecca of enjoyment for people, young and old, in the mid-Atlantic region.

The driving force behind the success of the Baltimore Zoo is Arthur R. Watson, director of the facility. Recently, Mr. Watson celebrated 25 years of service to the Baltimore community. To mark this significant occasion, the Baltimore News-American published a fine article, by Rich Hollander, dealing with Mr. Watson's career at the zoo. I wish to add my congratulations to the many I know Mr. Watson has received on this milestone, and ask unanimous consent that the article, "Watson Loves Animals, Particularly Zoo's 1,000," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore News American, Mar. 11, 1973]

WATSON LOVES ANIMALS, PARTICULARLY Zoo's 1,000

(By Rich Hollander)

Arthur R. Watson doesn't have a panda. In fact, he doesn't even have a rhino. Rather than crying in the sea lion pool over a relative dearth of animals, Baltimore's Zoo director has built the zoo up to a point where "It's among the top 25 in the nation."

When Watson was appointed zoo director 25 years ago this month, the Baltimore Zoo had a paltry collection of 169 animals. Today Watson boasts of a zoo population of over 1,000 representing 386 species. The size of the zoo staff has also jumped from eight in 1948 to 85.

Watson, 57, began his career in Cleveland as an accountant for Republic Steel, where the words "wild cat" refer to strikes not animals. Watson finally chucked his calculator for a job at the Cleveland Zoo, because "sitting at a desk doesn't fit my nature."

Today Watson roams his animal kingdom in a zebra-striped electric golf cart. He stops

in front of a Bengal tiger—a gift to the zoo from (who else?) Exxon Oil—to explain the facts of tiger life to some nursery school-children. He ventures into the monkey house to cuddle with Melody, a four-year-old chimp. The cart cruises over to the elephant residence for a quick check on the two young Republicans.

No matter how it's phrased, it's an understatement to say Watson loves animals. At one time he had three chimps as pets in his home.

"I guess I'd have to consider myself an administrator," Watson says in reference to an annual \$900,000 zoo budget which is his responsibility. Most diplomatically Watson refuses to select a favorite exhibit. "My bird keeper knows nothing of snakes. The reptile man wouldn't go near the elephant house. The fellow in the elephant house wouldn't be caught in the money house." So Watson keeps his neutrality.

"What we try to do is bring together groups of animals," Watson explains while lighting an ever-present pipe. "We'd rather not have single animals around, because we don't want to be party to an extinction."

The process of obtaining animals is a prime function of a zoo director. In Watson's case it is particularly difficult because his budget includes no money for purchasing animals. There are two ways to acquire animals without money—breeding and trading. The system works just like two kids trading baseball cards. "Now I'll give you one koala bear for a kiwi, a mountain goat and a flamingo."

Twice during his tenure as zoo director Watson has gone on trips to Africa to buy animals—that's when money was specifically appropriated to purchase new additions. The first time he came back with gorillas and the second trip he returned with giraffes. The going rate for a giraffe these days is over \$5,000—and they don't give green stamps.

Watson believes that it's going to get more difficult for American zoos to obtain foreign animals.

"As species become in danger of extinction—as the pygmy hippo is in Liberia—the nations are going to ask for their animals back," Watson predicts. Although this has not yet occurred, he feels certain it will as poachers and urban growth lead animals into oblivion. Furthermore, Watson says he would give his animals to their native lands in order to save the species from extinction.

With the advent of Earth Day, recycled paper, Zero Population Growth, and the entire ecology consciousness, zoos and their animal inhabitants have become a virtual symbol of The Movement.

"I can't say that I'm an environmental militant," Watson qualifies, "but I don't believe in killing animals unless it's for food."

Ecologically, Watson is committed to maintaining the delicate balance in nature "between prey and predator." Sometimes human technology takes the place of a natural predator. Watson cited the death of an animal in the Staten Island Zoo recently which was attributed to lead poisoning.

"We do autopsies on our animals and find many black spots on their lungs," he reports. "Imagine what human lungs look like," he adds conjuring up an unpleasant reality.

With his well-groomed mustache, glasses hanging as a necklace and his slow gait, Watson could easily pass as a professor. It's an appropriate image, because the future of the American zoo, Watson is convinced, will be as an educational facility.

"The concept of a zoo as a menagerie where people come and look at animals in cages was okay 100 years ago," Watson says pointing to children gazing into a row of cages.

Teaching rather than amusement will be the goal of the zoo of the future. In fact, if the magic genie of zoo directors grants Watson three wishes, two of them would go to-

ward promoting educational facilities at the Baltimore Zoo. Now, of course, the zoo budget comes from City Hall by way of the Parks Department.

"I'd like to build an educational center which would be the very heart of the zoo," Watson says wishfully. In his educational center Watson envisions lecture halls and classrooms where school children, hobbyists and interested adults could learn about the animal kingdom. Watson talks of a day when children, after viewing the beasts in cages, could go to the educational center and witness a demonstration, lecture or slide show.

Actually, Watson has already begun to implement his concept of learning at the zoo. For the second consecutive year zoo personnel are visiting city schools armed with animals and a slide show.

The Optimist Club of Baltimore is sponsoring the school visits. Only city schools are eligible to participate because, Watson says, "the county doesn't contribute one penny to the zoo."

Watson's second "wish" or long range goal is for land where the animals could be viewed in their natural habitat. Although the Baltimore Zoo with its 142 acres is considered large, Watson would like additional space where he could breed animals and "add to the sum total of knowledge about genetics."

Finally, Watson would like to build an animal hospital. What else would one expect from an animal lover? This season the only new structure will house the Kodiak bear.

But the most important structures built during the last 25 years don't house animals at all—they're ticket booths which opened for business on Sept. 1, 1970, when the fence was completed around the zoo.

Since only adults and unaccompanied children are charged, only half of the \$404,000 zoo visitors paid the 50c a head admissions charge in fiscal 1972. Nevertheless, the fencing of the zoo was a major success, because the vandalism rate fell "to zero."

"I had been arguing for a fence since I got here," Watson says. "This is a low crime area. The only crime you'll really see here is stealing from cars." From the crime statistics it appears that the city's muggers, vandals and like aren't interested in paying admission for a chance to get their names on a police blotter.

Watson drives the golf cart by the well-named Sloth bears who seem as excited as a disc jockey on a classical music station. "Hey, there's the Ichthyophagu Ichthyaeus—better known as the fish eagle from the Philippines, as opposed to the ones from Philadelphia."

While paralysis has set in on the nation's plans for its bi-centennial celebration, Watson is already brewing plans for the zoo's one director promises to "Make this town as zoo conscious as never before."

If Watson could grab onto a couple of pandas it might do the trick. Now if Mayor Schaefer goes to Peking, perhaps he could.

NEWSDAY ON DRUG TRAFFICKING

Mr. JAVITS. Mr. President, the President's excellent proposal to create a unified command for drug enforcement is now being considered by the Executive Reorganization Subcommittee. In connection with that inquiry, the subcommittee has had the opportunity to examine carefully the outstanding investigative work of a great New York newspaper—the Long Island daily Newsday—on the subject of international narcotics trafficking.

The production and distribution of opiate narcotics at the international level are complex and too little under-

U.S. Won't Pay I.T.T. for Chilean Loss

By EILEEN SHANAHAN
Special to The New York Times

WASHINGTON, April 9—The Government corporation that insures American businesses against losses from expropriation of their overseas plants today turned down a \$92.5-million claim filed by the International Telephone and Telegraph Corporation. The I.T.T., whose telephone company in Chile was nationalized in 1971, immediately announced that it would take its claim to arbitration, which is provided for under the insurance contract.

Bradford Mills, president of the Overseas Private Investment Corporation, which rejected the company's claim, gave several reasons. He made no explicit reference, however, to allegations that the company attempted to bring about the defeat of Dr. Salvador Allende Gossens, a Marxist, in Chile's presidential elections in 1970. Dr. Allende was elected, and his Government nationalized some businesses owned by I.T.T. and other American companies.

Officials of the insurance company refused to expand on the obscure language of their formal announcement of the rejection of the company's claim, giving as their reason the fact that the case is to go to arbitration.

Threat to Properties

Meanwhile, the Foreign Minister of Chile said here today that the companies that I.T.T. still owns in Chile are "in a rather precarious situation" because of its activities.

According to internal company documents and testimony before a Senate Foreign Relations subcommittee, I.T.T. attempted to persuade the White House, the State Department and the Central Intelligence Agency to take steps to block Dr. Allende's election and offered a fund of at least \$1-million.

Foreign Minister Clodomiro



United Press International

Clodomiro Almeyda, the Chilean Foreign Minister.

Almeyda, at a news conference at the Chilean Embassy, said that the attempt to involve the United States Government "gives this episode an unheard-of seriousness and gravity."

He did not actually say that the Allende Government was considering nationalization of the remaining I.T.T. properties in Chile, which include two Sheraton hotels in Santiago, a company that makes communications equipment and a communications company linking Chile with other nations. But he indicated that public opinion in Chile might force the Government to take them over.

"The natural reaction of our people must be one of deep condemnation," he said. "There is no political party in Chile that has not issued a judgment of condemnation."

I.T.T., in a statement by its vice president and group executive for Latin America, John W. Guilfoyle, said that the rejection of its insurance claim "appears to be based on

grounds which we believe the Overseas Private Investment Corporation will not be able to sustain."

The statement noted that the company had paid "close to \$6-million" in premiums for its coverage by the corporation, which is financed partly by premiums and partly by funds from the United States Treasury.

Six of the 11 directors of the insurance corporation are from private industry and the rest from government. Eight of the directors, including all but one of the directors from private industry, were at the meeting today at which the I.T.T. claim was rejected unanimously.

The corporation's announcement said that the company had not disclosed material information and had failed "to preserve administrative remedies" by which proper payment for its interests in the Chilean telephone company, Chiltelco, might have been achieved. It also accused the company of "failing to protect O.P.I.C.'s interests."

The corporation's "interests" would come into play if it paid off a company whose overseas holdings had been expropriated and afterwards was able to negotiate with the foreign government for payment of all or part of the value of the expropriated property in such a case, the payment by the foreign government would go to the corporation.

The corporation thus appeared to be accusing I.T.T. of taking steps that precluded, or made more difficult, successful negotiations by the insurance corporation with the government of Chile.

Officials went out of their way to note, however, that they had not accused the company of provoking the nationalization of Chiltelco. Such a finding would have constituted grounds for denying the insurance claim.

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was appointed Idaho's Internal Revenue Service director in 1951, Cal Wright was in the middle of Idaho politics.

His last entry into the political arena was in 1950 when he was the Democratic candidate for governor. In a Republican year he was defeated by Len B. Jordan in a campaign noted for being almost completely free of acrimony.

This was one campaign, however, that Wright, to use his words, "tiptoed" too much and allowed himself to get on the defensive. Later he told prospective office seekers that "you can never tip-toe into office, you must develop and be positive on the issues with all the conviction at your command."

In retrospect as one who is Wright's contemporary, I marvel at the rapport that existed between C. Ben Ross and Cal Wright because they were so dissimilar. But Ross saw in Wright the makings of a responsible and "effective public official and he proved to be correct.

Cal Wright was then a politician through and through. He loved the life, both in the Democratic party and in public service. But his is a personality that belied the "consummate politician." Democrat though he was, he was basically non-partisan.

The late Tom Heath of Preston, a former Republican state chairman and state senator, said about Wright that "he had the full support of his friends and the full respect of his opponents."

Doubtless future historians will agree that Cal Wright is indeed a "refreshing example" of a different type of politician; a type, in fact that did not exist before him and has not existed since he quit trying for elective office after 1950. Such gentleness and idealism that he exhibited in the face of ruthlessness and in rapport with political giants who oftentimes represented ruthlessness, deserves to be specially recorded.

Wright served his party as Cassia County chairman. He was a prominent Young Democrat. Before he won his first election as Cassia County auditor in 1934, he taught school and worked for the Bulletin in Burley and the Minidoka News in Rupert.

Wright was recognized by his peers through the years as a "good newspaperman," and always in the back of his mind was a yen that perhaps someday he could afford to buy his own newspaper.

He sought and lost the Democratic nomination as state auditor in 1936 when Ross ran against the great Sen. William E. Borah and lost heavily. But in 1938, Wright at age 29, was elected state auditor and he was "hooked" as far as politics was concerned.

In his six years as state auditor, Wright looks back to two accomplishments. One was his fight against the Republicans to dismantle his authority by creating the office of comptroller. Wright won that battle in the Supreme Court in a landmark suit that is known to just about every law student who has come along since. The constitutionality and authority of the office of state auditor was clearly defined in that suit.

The second accomplishment was his obtaining an appropriation of \$50,000 from the legislature, a big sum in those days, to install the state's first general and uniform accounting system designed for computer accounting.

After he left the auditor's office in 1945, there was a private enterprise hiatus in Wright's life. For a year he published the Minidoka County News and spent some time in business in Wallace. For three years he served as manager of the Raymond Hotel and Greyhound Bus Depot in Lewiston, both owned by the late Tom Boise, sometimes described as a ward-heeler type Democratic politician. That was not an apt description of Mr. Boise, but he did have control of the Democratic party process in North Idaho.

Wright was called back into the political wars in 1950 and he handily won the Democratic gubernatorial nomination in a field of three. He lost to Jordan in the general election by 10,500 votes.

In 1951, Mr. Truman was literally a lame duck president. The Senate was holding onto his appointments until after the 1952 election when most everyone assumed a Republican president would be elected.

Wright was nominated as Idaho director for internal revenue. The Idaho senators were Republican Herman Welker and Henry Dworshak. Their respect and friendship for Wright was pre-eminent. They joined in sponsoring Wright and his nomination was promptly confirmed in the Senate. So the personal philosophy of a man whom the late Frank Burroughs, the Republican editor of the once-famous Idaho Pioneer, called a "square-shooter," paid off.

The appellation has paid off even more in the last 22 years. Despite the pressures of being a tax collector, Wright has demonstrated his basic "goodness" in talks before numerous civic and service clubs and other organizations about the job of collecting taxes for Uncle Sam.

He tells his audiences that "almost everybody is honest about his income tax returns, which is a tribute to the basic loyalty and patriotism of the American people." Or, he says:

"Every year before April 15 millions of good citizens sit down with income tax form 1040, examine their books and records—and their consciences—and square themselves with Uncle Sam for the cost of the blessings and problems of living in America."

After he gets some rest, it might be smart for the Internal Revenue Service to hire their former Idaho director to spread his tax collecting gospel across the land.

His feelings for the basic goodness of people came through in one of his statements about the reason for his retirement:

"It's the pressures of a tax collector's job, particularly after 22 years in the responsibility, although I have appreciated working with dedicated IRS employees in our difficult and sometimes unhappy duties in enforcing the firm and complex laws of our country. Fortunately, most people understand and are conscientious about their tax obligations to the government."

Wright has never shirked his civic duties and he is proud of his five-year service as Idaho federal chairman for Radio Free Europe. He visited the RFEW facilities in 1966 as a member of the American delegation.

Wright and Gwen Sathre of Burley were married in 1929. They have a son and a daughter and nine grandchildren.

THE PRICE OF NATURAL GAS

Mr. TOWER. Mr. President, early this Congress, I and several colleagues introduced S. 371, a bill to deregulate the price of natural gas at the wellhead. We have long felt that only through removing the Federal Power Commission from the regulation of interstate gas prices will the long-term interests of the American consumer be protected. Artificially low gas prices have led to overuse of our located domestic reserves and have discouraged exploration and development. In fact these prices are so low that if the price of domestic gas were allowed to double, it would still be less than half that of the FPC set price on imported foreign gas. It is my feeling that projected natural gas shortages and the dangerously increased reliance on foreign gas are attributable to the overregulation by the FPC.

However, it appears we have reason

for hope. John Nassikas, Chairman of the Federal Power Commission, recently came out in favor of decontrol of natural gas in an interview with the Oil Daily. Because I consider this long awaited news of considerable import, I commend that interview to my colleagues and ask that it be printed in the RECORD.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

PHASE-IN SUGGESTED—NASSIKAS FAVORS GAS DECONTROL

(By Jim Collins)

WASHINGTON.—John Nassikas, chairman of the Federal Power Commission, told the Oil Daily Wednesday in an exclusive interview that he favors, and will actively support, decontrol of new gas dedications to the interstate market.

Nassikas also told the Oil Daily that he would favor decontrol of flowing gas prices, after contracts covering this gas expire.

"Thus," he commented, "I am in favor of a phased-in decontrol plan on natural gas at the wellhead.

"However, while these are the convictions I have now reached, you must realize that the final decision is up to Congress.

"Congress must pass the legislation as amendments to the Natural Gas Act which would make these recommendations come alive."

The FPC chairman said that as important as phased-in decontrol of wellhead prices is the availability of public lands, particularly offshore, on a timely basis, and in areas large enough, to make the incentives of higher prices on gas effective.

"We must have the areas available to explore," he commented, "when price incentives are provided for new development."

The FPC chairman said he positively favors decontrol of "new gas dedications" now—as soon as possible.

But, he said he wants to emphasize that the FPC must maintain control over flowing gas contracts, until they expire, and that abandonments under such contracts must also be subject to FPC approval.

The chairman indicated he had filed his recommendations with President Nixon, for possible inclusion in the upcoming presidential "energy message."

However, he declined to say just what recommendations he has sent to the White House.

The chairman also made it clear he stands ready to testify at legislative congressional hearings on wellhead price controls, as soon as legislation is introduced, after the President's message goes to Congress, perhaps about May 1.

THE ITT AND CHILE

Mr. CHURCH. Mr. President, as chairman of the Subcommittee on Multinational Corporations of the Foreign Relations Committee, I would like to bring to the attention of my colleagues the following newspaper articles about the recently concluded hearings held by the subcommittee, on ITT's operations in Chile.

It is gratifying to note the excellent coverage which was given to these hearings by media all over the country, and the great public interest which they have aroused. As the April 3 editorial in the New York Times concludes:

In their schemes to block the election of a Marxist President in Chile, both the CIA and ITT badly damaged the best interests of the United States.

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It is clearly not in the interest of the corporations to permit themselves to be used as instruments of subversion in any of the countries in which they operate. The greater the distance between the CIA and the corporations the better off the corporations will be.

I think that the warning voiced by the Philadelphia Inquirer in an editorial on March 23 is justified:

We are all for American business or anybody else's, competing for profits anywhere. . . .

But if the force and the diplomatic and covert-intelligence machinery of the U.S. is marshalled behind the interests of such enterprises, they can soon become ferocious power monopolies and intolerable intrusions in the public process at home and abroad.

While some of the abuses which have been revealed as a result of these hearings will be corrected by legislation which I plan to introduce in the near future, this first phase of the subcommittee's work has only served to reaffirm for me, and, I hope, for my colleagues and for the American people, the need for a continued and vigorous investigation into the role played by multinational corporations in influencing the formulation of U.S. foreign policy.

I ask unanimous consent, Mr. President, that the articles I have referred to above be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 3, 1973]

MISADVENTURES ON CHILE

"Somebody has lied," Senator Frank Church said in reference to contradictory testimony before his Foreign Relations subcommittee on political schemes proposed for Chile by the International Telephone and Telegraph Corporation and the Central Intelligence Agency. Somebody certainly has, and it becomes even more imperative for the committee to establish who it was—now that I.T.T. chairman Harold S. Geneen has added to the evident contradictions in sworn testimony.

Mr. Geneen insists that the giant firm he heads "did not take any steps to block the election of Salvador Allende as President of Chile" and that an I.T.T. director "did not offer to contribute anything to the C.I.A.," in talks with Richard Helms, then director of the intelligence agency, and with Henry A. Kissinger in the White House.

But that I.T.T. director John A. McCone, told the subcommittee on March 21 that Mr. Geneen had instructed him to inform Mr. Helms and Mr. Kissinger that the corporation was ready to contribute a million dollars or more "in support of any Government plan for bringing about a coalition of opposition to Allende."

Mr. Geneen insists that all I.T.T. did after the Allende Government took over its Chilean subsidiary in 1971 was "to present its views, concerns and ideas" to various Government departments in Washington. This, he said, was "not only I.T.T.'s constitutional right but also its obligation."

But William R. Merriam, an I.T.T. vice president, sent a letter and an "action" memorandum to a White House economic adviser in October 1971 with an eighteen-point plan for economic action to insure "that Allende does not get through the next six months."

Mr. McCone's testimony and Mr. Merriam's letter and memorandum could seriously jeopardize I.T.T.'s claim for \$92.5 million in compensation from the United States Government's Overseas Private Investment Cor-

poration for the seizure of its Chilean properties. But the C.I.A. has also been severely tarnished in testimony before Senator Church's committee.

By making its own proposal to I.T.T. for waging economic war against Chile and thus, it hoped, persuading the Chilean Congress to reject Dr. Allende in 1970, the C.I.A. went wildly beyond any legitimate intelligence function and also disclosed incredible ignorance and naïveté about Chile's political situation.

If a State Department witness is correct in insisting that the official United States policy toward Chile, before and after Dr. Allende's election, was one of "nonintervention," it is evident that the C.I.A. once again was conducting its own foreign policy, "going off on a frolic of its own," as Senator Fulbright suggested, and raising anew the question whether there are effective controls over its agents and activities.

The close, confidential links between the corporate giant and the intelligence agency were unquestionably facilitated in this case by the kind of unhealthy relationship that ought to be barred by policy if not by law, Mr. McCone, who says he took the million dollar offer to the C.I.A. and White House, was Mr. Helms' predecessor as head of the intelligence agency and still serves as consultant to it.

In their schemes to block the election of a Marxist President in Chile, both the C.I.A. and I.T.T. badly damaged the best interests of the United States.

[From the Philadelphia Inquirer, Mar. 23, 1973]

THE UNITED STATES SHOULD ABANDON BANANA-REPUBLIC DIPLOMACY

The International Telephone and Telegraph Corporation is not running for public office, so we can only hope at the moment that the latest and cumulative evidence of its tinkering with the public process will serve to alert and armor public servants against the dangers that tinkering represents.

Nonetheless, the sanguine testimony by former Central Intelligence Agency director John A. McCone about a frustrated I.T.T. escapade in banana-republic-era dollar diplomacy is sufficiently appalling to suggest need for a substantial Federal reform:

American business enterprises should be prohibited, under criminal sanctions, from interfering in the political processes of foreign nations.

Mr. McCone, an appointee of President Kennedy, testified Wednesday to the Senate Foreign Relations Committee's panel on multinational corporations. He spoke of approaches through him to Richard M. Helms, a successor to Mr. McCone as CIA chief, and to the White House's Henry Kissinger by Harold S. Geneen, board chairman of I.T.T.

The subject was Chilean politics, in 1970. The concern was over I.T.T.'s subsidiary, the \$150 million telephone system in Chile, which Mr. Geneen feared would be nationalized or otherwise disturbed by the election of Salvador Allende Gossens, a Marxist, who is now President.

"Mr. McCone testified that Mr. Geneen 'told me he was prepared to put up as much as \$1 million in support of any government plan for the purpose of bringing about a coalition of opposition to Allende . . . to deprive Allende of his position. It would not be a plan generated by I.T.T. or Mr. Geneen. I was asked if I supported it. I did, and I came to Washington several days later and told Mr. Helms of the availability of the funds and then met with Mr. Kissinger and told him the same thing. Mr. Kissinger thanked me very much and said I'd hear from him. I didn't hear from him and assumed it was national policy not to do so.'"

To that we say three cheers: for good ol'

Henry the K, and for all else who had hands in turning down the plan.

But the facts that Mr. Geneen came forward with the proposal, and that Mr. McCone, with his vast experience with the top levels of American government, endorsed it, leave deep doubt that the idea is dead.

We have some deep philosophical misgivings about the ideology and programs of President Allende, as clearly do many Chileans. But we are delighted to leave the problem of resolving those misgivings to Chileans. For it has been demonstrated, we believe beyond rebuttal, that American tinkering in domestic politics of foreign lands produces, beyond all else, perilous mischief—whether it be in behalf of commercial pelf or well-intentioned and underinformed abstract sentimentalities.

We are all for American business, or anybody else's, competing for profits anywhere. We believe the prospect of profit and the threat of loss generally comprise the most productive and humane economic force man has conceived.

But if the force and the diplomatic and covert-intelligence machinery of the U.S. is marshalled behind the interests of such enterprises, they can soon become ferocious power monopolies and intolerable intrusions in the public process at home and abroad.

[From the Washington Post, Apr. 5, 1973]

I.T.T. AND CIA: UNEASY RIDERS

I.T.T. President Harold Geneen had a tough choice. He could support I.T.T. director John McCone's testimony that the \$1 million the giant conglomerate offered the United States government in September 1970 was meant to aid Chile's development. Or he could support his senior vice president Edward Gerrity's testimony that the offer was meant to block the election of Chilean President Salvador Allende. Mr. Geneen showed that at I.T.T. the truth too is a conglomerate. He said he could not recall offering a CIA operative the \$1 million to undermine the Chilean elections but he would accept the operative's sworn word to that effect. And he said the offer had a "dual" purpose, development and political intervention.

On this ambivalent note, Senator Church's Foreign Relations subcommittee on multinational corporations concluded the I.T.T. hearings, its first in a continuing series on the relationship between corporate activity and American foreign policy. That relationship, the hearings suggest, is deep and dark indeed: I.T.T. it turns out, had offered the CIA money to influence Chile's election in 1964; that offer was refused, although the CIA evidently was active in that election. In 1970, when it appeared that a Marxist, Mr. Allende, might be elected, I.T.T. promptly went again to CIA. The corporation feared Mr. Allende might hurt its Chilean interests and it believed, or at least hoped, that the U.S. government remained interested in helping sustain "democratic" government in Chile. To its dismay, I.T.T. found CIA in July in a hands-off posture. CIA refused its money, both then and later in September before the runoff election. But meanwhile, turning the tables, CIA suggested that I.T.T. take steps to sabotage Mr. Allende in the runoff. Finding the suggested steps unworkable, I.T.T. declined.

Anyone halfway familiar with the pattern of American involvement in Chile in the 1960s can scarcely avoid feeling that both the United States government and one or more American corporations doing business in Santiago entered the '70s with a certain mutual or parallel disposition to do something to help their friends in Chile again. Contacts were easily made on the highest level, information routinely exchanged: former CIA director McCone was by now, for instance, an I.T.T. director. It seems to have

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been taken for granted that either the government or the corporation could and would influence the 1970 election. The only question was whether ITT would use CIA (which, the hearings showed, was acting not on its own but under appropriate supervision), or whether CIA would use ITT. In the end, though both found an Allende victory unpalatable, neither would take direct responsibility for trying to stop him and neither would let the other use it for that aim.

Or is it the end? Understandably, the Senate hearings told much more of plans discussed in Washington than of acts committed in Chile. Yet the public record of events in and affecting Chile cannot be ignored. There was and is in that Latin nation severe economic dislocation and political ferment. Can any of it be laid to sabotage undertaken by ITT or CIA or—one is tempted to say—a combination of the two? The administration ostentatiously took a hands-off stance in 1970. Yet then and since, the United States has used its influence in the international banks to block all new credits to Chile on the publicly stated grounds that Chile's financial condition and creditworthiness were shaky. By its own hints or deeds, has the United States contributed to the shakiness which it has cited to justify its policy on loans?

Given the secrecy available to governments and corporations, and given the charged political atmosphere between Santiago and Washington, it is illusory to expect that questions like these can be definitively answered. Precisely because they cannot, however, they must be asked: The issues they touch go to the heart of how American policy is conceived and conducted and how American interests are defined and served in the field.

It should go without saying that American taxpayers should not pay ITT its claim for expropriation insurance for its nationalized telephone interests in Chile, the more so that Chile's contention stands unrefuted that it was considering compensation at the time last year when the first disclosures of an ITT role in 1970 were made. Paying the insurance claim would be like paying hospital costs to a would-be burglar who, after bringing his jimmy to your window, tripped and fell on your garden hose while trying to flee. As to the dispute over the nationalized copper firms, and the issue of debt rescheduling, we would put these in the "too hard basket, at least for today.

The new conventional wisdom holds that, with the worst of cold war over, economic activity is to move ever more closely to the center of American international affairs. The disclosures made at the ITT hearings, and the gaps left by the hearings, indicate how vital it is to scrutinize the interaction of corporate and official policy and to determine where best the national interest lies.

[From the New York Times, Mar. 17, 1973]
ITT OFFICERS TESTIFY ON CHILE; SENATOR CHURCH VOICES CONCERN
(By James M. Naughton)

WASHINGTON, March 16.—After hearing closed-door testimony by two officers of the International Telephone & Telegraph Corporation, Senator Frank Church said today that he remained "concerned about the implications" of its involvement in the internal politics of Chile.

Senator Church, Democrat of Idaho, declined to be specific, but he said that the cause of his concern would become evident when the Foreign Relations subcommittee he heads resumes its hearings in public next week.

The corporation was accused a year ago of having sought the cooperation of the United States—and the involvement of the Central Intelligence Agency—in preventing Dr. Salvador Allende Gossens from taking office as

President of Chile in 1970 and in trying to topple his government a year later.

Harold S. Geneen, chairman and chief executive officer of ITT, and John A. McCone, a director who once headed the Central Intelligence Agency, met with the subcommittee on multinational corporations, for two hours. Senator Church said that the meeting had been a courtesy intended to "review the general course of questions we intend to ask in the public hearings."

The investigation will be the beginning of a two-year inquiry by the subcommittee into the broader issue of how multinational corporations can influence United States foreign policy and have a bearing on the United States economy.

Senator Church said that the hearings next week would be important not only to get the facts about ITT and its relations with the Marxist Government in Chile but also to help establish guidelines for corporations to follow in foreign countries.

ITT has asked for \$92.6 million in compensation from the Overseas Private Investment Corporation, a United States Government agency, because of the seizure of its Chilean telephone company by President Allende's Government.

Senator Church said today that the hearings next week could have some bearing on whether the compensation is granted. At issue is whether ITT involvement in Chilean affairs might have provoked justifiable reaction by the Allende government.

The Senator said that the corporation officials had been cooperative and that ITT appeared to have complied with a subpoena demanding all corporate documents bearing on the charges.

[From the New York Times, Mar. 23, 1973]
ITT'S BRAZEN BEHAVIOR

Sordid, even against the dreary backdrop of earlier revelations, are the latest disclosures about the effort of the International Telephone & Telegraph Corporation to block the democratic election of a President of Chile and to enlist United States Government help for that abortive project. On I.T.T.'s own testimony, it offered the White House and the Central Intelligence Agency a million-dollar contribution to underwrite a plan for preventing the election of Dr. Salvador Allende in 1970.

And who carried that offer to Henry A. Kissinger in the White House and to Richard Helms, then director of the C.I.A.? None other than Mr. Helms' distinguished predecessor as head of the intelligence organization, John A. McCone, still a consultant to the C.I.A. as well as a director of I.T.T. According to Mr. McCone, Mr. Helms had earlier promised "some minimal effort" by the C.I.A. to try to bring about Dr. Allende's defeat.

Mr. McCone says, and there is no reason to doubt him, that I.T.T. did not originate the plan for which the contribution was offered. But a year after the offer, after Chile had expropriated the I.T.T.-controlled Chilean Telephone Company, the American conglomerate did submit to the White House an eighteen-point plan designed to insure "that Allende does not get through the crucial next six months."

William R. Merriam, an I.T.T. vice president, explained to a Senate subcommittee that Dr. Allende "had stolen our property without compensation," and that the company was simply trying to get help from the Government to force Chile "to pay us off. That's all we wanted." How can that statement be reconciled with the revelation that Mr. McCone's million-dollar offer was made even before Dr. Allende had been elected and a year before his Government moved against I.T.T.?

Here is exactly the kind of brazen behavior on the international scene that has given a bad name to giant American business firms

and that prompted Senator Frank Church of Idaho to launch his investigation into their conduct. No Marxist critics, whether at home, in Chile or elsewhere, could inflict half as much damage on the standing of American international corporations or half as much discredit on the free enterprise system as has I.T.T.'s own behavior. Ironically, its antics have helped Dr. Allende enormously rather than hurting him.

While the record is still far from complete, there is no evidence yet that the Nixon Administration ever seriously considered the more extreme shenanigans which the corporation advocated to bring down Dr. Allende. Unfortunately, however, as a working paper of the Securities and Exchange Commission has disclosed, the Administration did come in force to the aid of I.T.T. in its successful effort to retain the Hartford Fire Insurance Company in a controversial 1971 antitrust settlement.

Thus if I.T.T. has furnished ample material for a book on how a giant corporation should not behave in the last half of the twentieth century, the Administration has supplied the stuff for a chapter on the pitfalls of a close relationship between such a firm and the Government.

[From the Miami Herald, Mar. 12, 1973]

BAD BUSINESS FOR ITT, THE NATION

Because it feared for its business interests, the International Telephone and Telegraph Corp. sought ways to alter the democratic process in Chile.

No matter how the explanations are poured one atop the other, that is the essential conclusion emerging from the very first day of testimony before a Senate subcommittee.

ITT, according to its own officials, first tried to keep Marxist Dr. Salvador Allende from getting elected and later, after he was elected, planned ways to create economic collapse in Chile.

To do this, it attempted to enlist the help of the United States government as well as other major U.S. corporations which do business in Chile.

In our view, this approach not only was contrary to stated U.S. policy but clearly detrimental both to official and private U.S. interests in Latin America.

Secretary of State William Rogers last year said U.S. policy toward Latin America is one "of respect for diversity of our national states and of determination not to permit any trace of hegemony in our relations in the hemisphere."

ITT wanted the United States to use its influence among international agencies to deny financial aid to Chile. That is, its suggestion was that those agencies deny loans for political reasons.

It sought this in anticipation of being nationalized, and in anticipation that it would not receive proper compensation when nationalized.

If all this had taken place, as ITT wanted, the United States would have been guilty of flagrantly intervening in the affairs of another nation, the international banking agencies would have accepted a politicizing move contrary to their reasons for existence and U.S. corporations in general would have suffered a black eye that would have made them far more vulnerable to nationalistic appetites than they already are.

In short, we think that kind of business is bad business for ITT and everyone else, too.

[From the New York Times,
Apr. 3, 1973]

GENEEN CONCEDES ITT FUND OFFERED TO BLOCK ALLENDE

(By Eileen Shanahan)

WASHINGTON, April 2.—Harold S. Geneen, chairman of the International Telephone and Telegraph Corporation, said today that

he did not recall having offered a "substantial" sum of money to the Central Intelligence Agency in 1970 to help prevent the election of Salvador Allende Gossens as President of Chile.

But Mr. Geneen told a Senate subcommittee that, since he had "no recollection to the contrary," he would accept the testimony of William V. Broe, a C.I.A. official who said he had been offered the money in 1970. At the time, Mr. Broe was the head of the intelligence agency's clandestine operations in Latin America.

Mr. Geneen testified about the events of 1970 and 1971 before the subcommittee on multinational corporations of the Senate Foreign Relations Committee. He was the final witness in the first phase of the subcommittee's inquiry into the actions of these large companies, which operate all over the world, and the extent to which they may influence United States foreign policy.

Mr. Geneen said that, assuming he did make the offer of cash to Mr. Broe, it was probably an "emotional reaction" to learning from their conversation that the United States was planning no action to attempt to defeat Dr. Allende, who is a Marxist, and who had campaigned on a platform of nationalization of basic industries.

Mr. Geneen said that the hands-off policy of the United States in 1970 represented a reversal of a policy dating back 14 years—"the policy to maintain a democratic government in Chile," through large-scale economic aid and in other ways.

He said he was particularly upset because he, with other American businessmen, had been encouraged to invest in Chile as part of the United States Government's program of helping to develop the country and keep it democratic.

What he heard from Mr. Broe when they met in July, 1970, "was different from anything business had heard before," Mr. Geneen said.

ACTION DEFENDED

Mr. Geneen defended his action in going to the C.I.A. to discuss the election in Chile and confirmed that it was John A. McCone, a former Head of the intelligence agency and now a director of I.T.T., who had first suggested this to him.

Mr. Geneen said he saw nothing improper in an American corporation dealing with the C.I.A. since it was part of the Government and any company had the right to "petition the Government" on behalf of its own interests.

Senator Frank Church, Democrat of Idaho, asked why Mr. Geneen went to the intelligence agency if it was only "petitioning" the Government.

Mr. Geneen replied, "I think of them as suppliers of good information." He said his basic mission had been to find out what the Government thought about the situation in Chile.

Senator Charles H. Percy, Republican of Illinois, asked why Mr. Geneen thought the agency had designated Mr. Broe to talk to I.T.T. officials when he was in charge of cover operations if the purpose of the talks was merely information.

[From the Washington Post, Apr. 6, 1973]

ITT IN CHILE: SIGN OF AN END TO COLD WAR?

(By Stephen S. Rosenfeld)

Rather than just being unnerved by the revelations of ITT's misadventures in Chile, maybe we ought to go on to hail the case as the best real proof we've had so far of the end of the cold war.

For while the CIA was evidently dabbling with ITT on the theory that a Marxist government in Chile might pose some kind of political or strategic disadvantage to the United States, ITT saw the prospect of an

Allende victory for what it was to ITT: a kick in the wallet.

Faithful old cold-warhorse John McCone, the former CIA director who'd signed on as a director to ITT, may have conceived of ITT's attempt to purchase a million dollars' worth of subversion from the CIA as an anti-Communist act tracing its lineage to the Berlin Airlift. That's what he told the Senate Foreign Relations multinational corporations subcommittee investigating the affair.

But Harold Geneen, president of ITT, seems to have had no similar illusions or divided loyalties. Not for him to make the claim that what's bad for ITT is bad for the country: he went to CIA as a businessman worried that Allende's election would hurt his firm.

In 1964 the CIA had played its part (still undetailed publicly) in a multifaceted American effort to help elect Eduardo Frei's Christian Democrats, who won, were then widely seen as the "last best hope" for setting a model of change for all of Latin America—an orderly reformist model congenial both to American political interests as then conceived and to American economic interests as still conceived.

In 1964, however, it seems fair to say in retrospect, the United States was still in the grip of two powerful ideas whose hold was to weaken through the decade to come. The first idea was that Fidel Castro—socialist, subversive, allied to Moscow—was a live menace requiring some response by Washington. The second was that it was within the capacities of the United States to steer events in a foreign country—in Chile no less than Vietnam—in a direction and pace of its own choosing.

Few would now argue that these two ideas have the same hold on policy. Cuba is not perceived as a menace (or testing ground) of the old dimensions. This country's confidence in its own special talent for controlling change elsewhere has diminished. This may help explain why, when the U.S. government contemplated the election of a Chilean Marxist in 1970, some of the old political-strategic juices may have flowed but finally what was done was demonstrably short of what was needed to keep Allende from power.

Did ITT sense the implications of the change even before the U.S. government? In 1964, by its own account, ITT offered money to the CIA for the CIA's political purposes in Chile. In 1970, ITT offered money to the CIA for its own economic purposes. In the interval, the corporation perhaps thought, the world had been made safe for precisely the sort of old-fashioned economic imperialism—corporations expecting their government to help them make money—that had gone out of style in the decades of the cold war.

The very premise of the Church subcommittee's look at ITT-CIA was that there is no longer an overarching national security reason *not* to look. One cannot imagine, for instance, a Senate committee looking three years after 1964, or even now, at what the CIA may have been up to in Chile in 1964. Nor could one imagine in an earlier period, that the CIA would let its director, plus its top hand for dirty tricks in Latin America, testify before a Senate committee.

I am familiar with the "revisionist" argument that American foreign policy, not only before World War II, but afterwards, was dominated essentially by considerations of commerce: winning raw materials, markets, investment privileges, and the like. The argument seems to be persuasive only to people who are already socialists or Marxists. My own view is that "political" considerations of power, status and fear were the stuff of the cold war.

Granted, the notion that the world may now again be safe or ripe for old-fashioned

imperialism is a rather inflated conclusion to draw from the relatively slender findings of the Senate inquiry into ITT. Nor can it possibly be what everybody had in mind when they hoped that superpower relations would begin to mellow. It would seem to be, nonetheless, one of the possibilities deserving further scrutiny as we all strain to see what lies on the far side of the cold war.

[From the New York Times, Apr. 1, 1973]

ITT/CIA—A RASH OF HINTS—NO CONCLUSIONS

(By Eileen Shanahan)

WASHINGTON.—Two separate though inter-related threads emerged last week from the inquiry into the role played by the International Telephone and Telegraph Corporation in the formulation of American policy toward the Chilean Presidential election of 1970.

The first was evidence of exactly the sort of think that a special subcommittee of the Senate Foreign Relations Committee was created to look for: influence or attempted influence on United States foreign policy by large American-based companies that operate around the world. Sworn testimony before the subcommittee indicated that I.T.T. had taken the initiative in approaching high-level Government officials and suggesting that all possible steps be taken to prevent the election of Salvador Allende Gossens, the candidate of a coalition of Socialist and Communist parties.

The second major thread involved the actions of the Central Intelligence Agency, with respect to Chile, and raised anew old questions about whether that agency sometimes pursues its own foreign policy, separate from that of the President or the State Department.

The relations, as so often is the case in such hearings, came to light in a disorderly sequence.

Tuesday: The former American Ambassador to Chile, Edward Korry, testified that he had disputed a poll financed by the C.I.A., which indicated that Jorge Alessandri Rodriguez, one of the more conservative candidates, would win. But while he said he had foreseen the election of Dr. Allende, almost from the start, he denied almost every thing else said about him in a mountain of memos that I.T.T. personnel in South America had sent back to their Washington and New York headquarters. Among other things, he denied that he had ever talked to outgoing President Eduardo Frei Montalva about leading an anti-Allende coalition or to members of the Chilean armed forces about the possibility of a military takeover.

Wednesday: The subcommittee made public testimony taken behind closed doors Tuesday from William V. Broe, who had been the head of clandestine operations in Latin America for the C.I.A. in 1970.

Mr. Broe confirmed that at least one highly revealing statement in the internal I.T.T. memo was true: the company's board chairman, Harold S. Geneen, had offered the United States Government a "substantial" slush fund—others put the figure at \$1 million—in an attempt to defeat Dr. Allende. This was in July, when the C.I.A.'s own information might have been that Dr. Allende would lose anyway. Mr. Broe rejected the offer.

He also disclosed, however, that later on he initiated a contact with a senior vice president of I.T.T., Edward J. Gerrity, to discuss a stop-Allende plan. This was in late September, after Dr. Allende had won a plurality, but not a majority, of the popular vote in the three-way race, and when there was about a month to go before the Chilean Congress finally picked him as the winner. The plan was for I.T.T. to work together with other American companies with big interests in Chile to withdraw credit and technical

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aid and to delay deliveries to the point where economic instability might be created. This, it was hoped, would scare some members of the Congress out of voting for Dr. Allende, I.T.T. turned down the scheme.

Thursday: The former Assistant Secretary of State for Latin American Affairs, Charles A. Meyer, testified that the United States policy toward the Chilean election had been, at all times during 1970, one of strict non-interference. But he would not condemn Mr. Broe for exploring what steps might possibly be taken if that policy were to be changed, following Dr. Allende's emergence as the probable winner.

Hints that Mr. Broe had no authority for what he did, higher than that of his boss, Richard Helms, director of the C.I.A., who had ordered him to see Mr. Gerrity, were left unchallenged.

But there were indications that a change in policy toward Chile was indeed considered at the highest Governmental levels, and that there may have been plenty of authorization for Mr. Broe's approach. One of the most persuasive of these hints is the transcript of an off-the-record briefing for some editors that was held by Henry A. Kissinger, during the period between the popular and the Congressional votes. President Nixon's top foreign policy adviser spoke then of the "massive problems" that might be created for the United States in South America by an Allende victory in Chile, and said that the United States Government was reviewing what it could do about the situation.

[From the Washington Evening Star and Daily News, Mar. 21, 1973]

ITT "STOP-ALLENDE" ROLE UNFOLDS

(By Jeremiah O'Leary)

John McCone, a former director of the Central Intelligence Agency and a director of ITT, today told a Senate subcommittee that ITT offered to put up \$1 million to support any U.S. government plan that would have deprived Marxist Salvador Allende of the presidency of Chile.

McCone was testifying on the second day of the hearings by the Senate subcommittee on multinational corporations into International Telephone & Telegraph's involvement with Chilean internal affairs.

He said he informed presidential adviser Henry A. Kissinger and then-CIA Director Richard Helms of the offer after Allende won a plurality in the popular election of Sept. 4, 1970 but before Allende was confirmed in the presidency by the Chilean Congress.

McCone said he was told of ITT's willingness to spend up to seven figures in the effort to block Allende at an ITT board meeting four or five days after the Chilean popular election. Allende had less than a 2 percent lead over two other candidates and faced a runoff in the Chilean Congress in November of that year.

The ITT decision, McCone said, under questioning from Chairman Frank Church, D-Idaho, was told to him by ITT President Harold Geneen. McCone said Geneen had told him the plan already had been submitted to Kissinger.

McCone testified that he met with Helms to tell him the funds were available and also met with Kissinger to ask if the U.S. government had any plan to block Allende.

Kissinger told McCone, the witness testified, that if there were such a plan "I'd hear from him. I didn't hear from him and I assumed there was none."

Before the Chilean election, McCone testified that he discussed the situation with Helms at least three times. McCone said he was, and still is, a consultant to the CIA.

"I wanted to reflect to him (Helms) and through him the views of ITT on the problems of the 1970 election in Chile," McCone testified. "Our opinion was that Allende would win and since his campaign was on the

basis of expropriating U.S. properties including those of ITT, I felt our government should be alerted to the consequences, both for business reasons and the effect on the American taxpayer."

Subcommittee counsel Jerome Levinson asked McCone if he discussed with Helms, prior to the election, the possibility of any U.S. action against Allende.

"I asked Helms if the United States intended to do anything to encourage support for other candidates," McCone testified. "Helms told me the matter had been considered by the Interdepartmental Committee made up of State Department, Defense Department and CIA and that the decision was that nothing should be done. That was in late May or June 1970, three months before the election.

"But Helms did advise me that some minimal effort could be managed."

Levinson asked McCone if Helms suggested that any of the CIA staff make contact with Geneen. McCone said Helms did make such a suggestion in July.

Church asked if Helms arranged for Geneen to meet with William Broe, at that time head of Latin American clandestine activities of CIA. McCone said that was correct.

But McCone denied that he offered the financial support of ITT to the government at that time before the election and said that if Geneen had suggested offering money to the CIA he would have told Geneen the CIA would not consider it under any circumstances.

McCone said that when he was director of the agency he did periodically receive such offers of financial support from private companies but that it was CIA policy to refuse such support.

McCone told a subcommittee the CIA always follows policies set by the Interdepartmental Committee, headed by the chairman of the National Security Council, and does nothing without this approval. He said anything the CIA does is under the direction of the President and added he knew of no incident in his experience where the presidential policy was contrary to the sentiments of the select Senate Committee on CIA Operations.

Yesterday an ITT official told the subcommittee he did not consider it improper to go to the highest level of the U.S. government to seek action to protect the corporation's investment in Chile.

Jack Neal, a former State Department official and now director of international relations in ITT's Washington office, gave this reply under questioning by Sen. Charles Percy, R-Ill.

But when Chairman Frank Church, D-Idaho, pressed the question in less general terms, Neal said it would be wrong for an American-owned company to finance a military coup to oust a popularly-elected president or to assist in any plan to wreak economic chaos on Chile.

Neal said this after the subcommittee read into the record a memorandum of 13 points written by Neal for presentation in 1971 to then-White House economic adviser Peter G. Peterson. Labeled, "Action," the Neal memo said, "I believe it should be suggested that the Chile situation warrants high priority by the entire administration and that everything should be done quietly but effectively to see that Allende does not get through the crucial next six months. He (presumably Peterson) might propose the White House establish a special task force within the National Security Council to put pressure on Chile."

Neal said it would be wrong to try to promote economic chaos and denied that this was ITT's objective. He said ITT wanted only to protect its investment. Church said it seemed to him that Neal's 13 points described the very sort of action the former diplomat accepted as being improper.

[From the New York Times, Mar. 29, 1973]
CIA AIDE SAYS HE GAVE ANTI-ALLENDE PLAN TO ITT

(By Eileen Shanahan)

WASHINGTON, March 28.—An official of the Central Intelligence Agency has testified that in 1970 he proposed to the International Telephone and Telegraph Corporation a series of steps that it and other American companies might take to create enough economic instability in Chile to prevent the election of Dr. Salvador Allende Gossens as President.

The testimony came from William V. Broe, who was in charge of the Central Intelligence Agency's clandestine operations in Latin America in 1970. Mr. Broe, still a C.I.A. official, said that he had acted with the full knowledge of the man who at the time headed the agency, Richard Helms.

SUBSTANTIAL FUND OFFERED

Mr. Broe testified yesterday before a closed session of the subcommittee on multinational corporations of the Senate Foreign Relations Committee. Twenty-six pages of transcript were made public today. The subcommittee and the Central Intelligence Agency are still discussing the release of 18 more pages, but the subcommittee chairman, Senator Frank Church, Democrat of Idaho, said that he thought that the remaining pages were of relatively little importance.

Mr. Broe also said that Harold S. Geneen, chairman of the board of I.T.T., had initiated the first contacts between his company and the Central Intelligence Agency in the summer of 1970.

At that time, according to Mr. Broe, Mr. Geneen offered the C.I.A. "a substantial fund" to support the election of Jorge Alessandri Rodriguez, one of two relatively conservative candidates running against Dr. Allende, a Marxist who was the candidate of a Socialist-Communist coalition.

Mr. Broe said that he had turned down Mr. Geneen's offer, as I.T.T. officials testified earlier had been the case.

Mr. Broe also said that he had told Mr. Geneen that the C.I.A. could not "serve as a funding channel" for I.T.T. and that "the United States Government was not supporting any candidate in the Chilean election."

About three and a half months later, however, Mr. Broe took a different position with his proposal to the company that steps be taken to create such adverse economic conditions in Chile that Dr. Allende might be defeated.

MAJOR CHANGES IN CHILE

What took place between the Geneen-Broe conversation in July and Mr. Broe's conversation later with Edward J. Gerrity, senior vice president of I.T.T., was not made completely clear by the transcripts.

A major change was that the first phase of the Chilean election had occurred by the time of the meeting with Mr. Gerrity. Dr. Allende in the popular vote on Sept. 4, 1970, had won a plurality but not a majority of the popular vote and the final decision lay with the Chilean Congress—which elected Dr. Allende President on Oct. 24.

The transcript of the testimony here does not show whether it was the increasing likelihood that Dr. Allende would be elected that had changed the apparent position of the C.I.A. or whether other forces had been at work. International Telephone and Telegraph Corporation officials had, in the meantime, been talking to the State Department and President Nixon's adviser on national security, Henry A. Kissinger. Business properties belonging to I.T.T. were seized after Dr. Allende took office in November, 1970.

"THESIS" ABOUT ECONOMY

Mr. Broe said that when he saw Mr. Gerrity about a month before the Chilean Congress vote, "There was a thesis that additional deterioration in the economic situation could influence a number of Christian-Dem-

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ocratic Congressmen who were planning to vote for Allende" not to do so.

The following exchange then took place in the hearing here:

Senator Church: Did you discuss with Mr. Gerrity the feasibility of banks not renewing credits or delaying in doing so?

Mr. Broe: Yes, sir.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of companies dragging their feet in spending money [in Chile] and in making deliveries and in shipping spare parts?

Mr. Broe: Yes, I did.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of creating pressure on savings and loan institutions in Chile so that they would have to shut their doors, thereby creating stronger pressure?

Mr. Broe: Yes.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of withdrawing all technical help and not promising any technical assistance in the future?

Mr. Broe: Yes, sir.

SUGGESTIONS WERE REJECTED

According to internal I.T.T. memorandums that were read into the subcommittee's record last week, Mr. Geneen rejected Mr. Broe's suggestions because he felt that they would not work.

Mr. Broe also testified, in contradiction to the contents of other I.T.T. documents, that the purpose of attempting to create instability was not to encourage a take-over by the Chilean military.

Nor, he said, had the C.I.A. made any approaches to the Chilean military, contrary to what appeared to have been reported in a memorandum from William R. Merriam, the head of I.T.T.'s Washington office.

The questions and answers on this point were as follows:

Senator Church: Did you advise Mr. Merriam that approaches continue to be made to select members of the armed forces in an attempt to have them lead some sort of uprising?

Mr. Broe: No. On a number of occasions Mr. Merriam questioned me regarding possible action by the military, as this was a subject everyone was interested in. I advised him that our coverage of the military gave no indication they would take action.

Other matters, either contained in I.T.T. documents or testified to earlier by I.T.T. officials, were also contradicted by Mr. Broe and other witnesses today.

Chief among these was the assertion that Central Intelligence Agency officials had directly approached officials of United States banks, suggesting that they cut off credit to Chilean businesses and citizens.

Mr. Broe said that "the only company that I had anything to do with in regard to Chile was I.T.T."

Officials of the First National City Bank, the Chase Manhattan Bank and Manufacturers Hanover Trust, all in New York City, all denied discussing any cutoff of credit with either C.I.A. or I.T.T. personnel.

All said, however, that they had been approached by Chilean politicians for financial help in the presidential campaign.

Mr. Broe's testimony left unanswered the question of whether anyone in a higher position than Mr. Helms, the Director of Central Intelligence at the time, had known of Mr. Broe's proposals to Mr. Gerrity that the International Telephone and Telegraph Corporation and other American companies in Chile attempt to create economic instability there.

He was not asked the question and subcommittee sources said that the reason was that the subcommittee had agreed in advance to limit its questions to the subject of Mr. Broe's contacts with I.T.T. officials.

Since regulations covering the operations of the Central Intelligence Agency are not

made public, it is not clear whether Mr. Broe's approach to Mr. Gerrity should have been cleared by the so-called 40 Committee, an inter-agency body with members from the State and Defense Departments, the C.I.A. and the National Security Council. The committee is supposed to approve, in advance, certain C.I.A. operations.

In releasing the transcript, Senator Church said that he thought it improper for either private companies or the United States Government to intervene in a free election— which the election of Dr. Allende was, by all accounts. He commented that at the same time the ideas for intervention in Chile were being discussed, the United States was fighting a war in Vietnam, the stated purpose of which was to assure free elections there.

[From the Washington Post, Mar. 22, 1973]

ITT OFFERED CIA \$1 MILLION IN PLAN TO DEFEAT ALLENDE

(By Laurence Stern)

The Central Intelligence Agency's former director, John A. McCone, said yesterday he transmitted to the nation's top two intelligence officials an International Telephone and Telegraph Corp. offer to help finance a U.S. government effort to block the election of Chilean President Salvador Allende in 1970.

McCone, a wealthy California businessman with high governmental connections, told Senate investigators he made the pitch personally to national security adviser Henry Kissinger and to then CIA Director Richard M. Helms, whom he described as a "close personal friend."

The Nixon administrator, he said, did not act on the plan wherein ITT board chairman and chief operating officer Harold S. Geneen offered to contribute a sum "up to seven figures" to subsidize an anti-Allende political coalition in a run-off election.

McCone, a white-haired, bespectacled man of 71 years and commanding demeanor, also told the Senate Foreign Relations Subcommittee on Multinational Corporations that Helms agreed, at his request, to put Geneen in contact with the CIA's chief of covert Western Hemisphere operations, William V. Broe.

"It would be a natural thing for me to do," McCone testified. "Having communicated (to Helms) the views of the staff of ITT, it was very likely that I did suggest his staff contact Mr. Geneen."

At the time, Geneen was fearful that Allende would confiscate, after the election, ITT's \$150-million Chilean telephone company subsidiary and other holdings. The ITT chairman and his subordinates conducted an intensive campaign in Chile and Washington aimed at preventing Allende from taking office, according to evidence that has been presented in the inquiry.

Helms testified to the subcommittee at length on the CIA's role in the ITT campaign during a closed session on March 5, just before his departure for a new post as Ambassador to Iran.

Broe also was interrogated by the subcommittee but the testimony of both men has been kept secret until terms of its release are worked out with the agency.

McCone revealed yesterday that he has continued to serve as a consultant to the CIA since resigning from the directorship in 1965. He is also a director of ITT and it was in this capacity that he paid visits to Helms and Kissinger.

McCone, who was appointed to the CIA by President Kennedy in 1961, said he asked Helms "whether the government intended to do anything that might encourage support of a candidate (against Allende) who stood for principle basic in this country."

"Mr. Helms told me that the matter was considered by an interdepartmental committee of senior representatives of the De-

fense and State departments as well as the CIA, and the decision was reached that nothing should be done."

McCone was referring to the government's top-secret National Security Council committee for covert intelligence operations, the so-called 40 committee, which operates under Kissinger's direct authority.

Helms did say, however, that CIA had enough budget flexibility for a "minimal effort" to play a role in the convoluted Chilean political picture.

Under the Geneen proposal the government, with ITT financial backing, would support a coalition of the conservative National Party, headed by Jorge Alessandri Rodriguez, and the Christian Democratic Party headed by Radomiro Tomic Romero against Allende, a Socialist. As outlined in ITT documents, the plan called for the election of Alessandri in the run-off. He would then resign and call for new elections. This would open the way for former President Eduardo Frei Montalva to run and perhaps defeat Allende in a two-way race.

This scheme, described in ITT documents as "The Alessandri Formula," was abandoned when Alessandri withdrew from the race, convinced that he did not have enough support in the Congress. Allende had previously won the popular vote but because of his narrow plurality had to contend in the run-off, which he won.

McCone testified that Geneen "told me he was prepared to put up as much as \$1 million in support of any government plan for the purpose of bringing about a coalition of opposition to Allende . . . to deprive Allende of his position. It would not be a plan generated by ITT or Mr. Geneen."

"I was asked if I supported it. I did, and I came to Washington several days later and told Mr. Helms of the availability of the funds and then met with Mr. Kissinger and told him the same thing. Mr. Kissinger thanked me very much and said I'd hear from him. I didn't hear from him and assumed it was national policy not to do it."

During the interval between Chile's popular and run-off election, said McCone, "a number of people were trying to explore alternatives about what might be done. The Chilean military was discussing the Alessandri Plan. Mr. Broe had a shopping list and the staff of the CIA had a shopping list."

Geneen's offer of a large financial contribution to the government was made "constructively," McCone said, comparing it, in principle, to American economic aid programs for Greece and Turkey, the Marshall Plan and the Berlin Airlift.

"International Communism has said time and again that its objective is the destruction of the Free World, economically, politically and militarily . . . That is what Mr. Geneen was thinking of."

ITT is currently negotiating with the Soviet government for construction of telephone services, hotels and establishment of rental car concessions in Moscow and other Russian cities.

Sen. Clifford P. Case (R-N.J.) asked McCone if one possible use for the Geneen fund would be the bribery of members of the Chilean congress to oppose Allende. "There was no such discussion," McCone replied. "Nothing of that sort was discussed with me nor was in the discussions with Mr. Helms."

McCone acknowledged to the subcommittee that "a great many unfortunate things happened in ITT activities in Washington" during the Chile episode. When the whole thing surfaced, very radical changes were made in Washington. He said ITT memos on policy in Chile, which were disclosed by columnist Jack Anderson, "were never submitted to me."

The former CIA chief said, however, that he saw nothing wrong with a corporation providing financial support to "a U.S. govern-

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ment plan" to intervene in the domestic politics of another country.

Sen. Frank Church (D-Idaho) asked McCone how he would feel if the British Shell Corp. were to support an effort to defeat an American presidential candidate if a close election were thrown into the House of Representatives—a hypothetical case comparable to Chile's situation in 1970.

"I would be very distressed of anyone tried to influence the selection by Congress of a President," McCone replied. "I would be more distressed if I heard any corporation offered to support a political action on the part of a foreign government."

Church noted that the United States had provided Chile—prior to Allende's election—\$1.4 billion in economic aid during the 1960s "and the end result was the election of Mr. Allende."

ITT ASKED UNITED STATES TO THREATEN CHILE'S ALLENDE TO SHIELD FIRM'S HOLDINGS, SENATE IS TOLD

(By Arlen J. Large)

WASHINGTON.—International Telephone & Telegraph Corp. is adding new chapters to its amazing textbook on how to pester the government.

Another set of Senate hearings opened yesterday on the activities of ITT's busy Washington office, this time involving its campaign to get Nixon administration help in protecting its properties in Chile from the nation's marxist president, Salvador Allende. ITT officials bombarded the White House with letters and visits, called on the State Department, huddled with the U.S. ambassador to Chile and lunched often with a Central Intelligence Agency spy boss, known breezily as "our man."

What ITT wanted during his hectic pleading in 1970 and 1971 was for Washington to threaten the newly elected Allende government with "economic collapse," according to William Merriam, who then was head of the company's Washington office. "If Allende was faced with economic collapse, he might be more congenial toward paying us off," Mr. Merriam told a Senate foreign relations subcommittee. The Chilean government had expropriated the ITT-controlled Chile Telephone Co. without, the company says, offering adequate compensation.

The Senate subcommittee, chaired by Sen. Frank Church (D., Idaho) was created especially to investigate the influence of big multinational companies like ITT on U.S. foreign policy. ITT's involvement in the 1970 Chilean presidential election was first brought to light a year ago in columns by Jack Anderson, who had obtained a stack of memos, cablegrams and letters between ITT officials.

These columns were published at about the time the Senate Judiciary Committee was being told of ITT's campaign to get the Justice Department to stop prosecuting it for acquiring Hartford Fire Insurance Co. Company officials accosted Justice Department men at the Kentucky Derby, at parties and finally in the head trust-buster's own office, finally winning permission to keep Hartford Fire. Documents from that siege of the government were leaking out as recently as last weekend.

So far, ITT has had less luck protecting its investments in Chile. It claims that the ITT-controlled telephone company that was "intervened" by the Allende government in September 1971, has a book value of \$153 million. ITT has filed a claim for \$92 million with the U.S. government's Overseas Private Investment Corp., which insures American property against foreign expropriation. But OPIC has a rule against "provocation or instigation" by its insurance clients, unless the activity was requested by the U.S. government. So the question of who took the lead

in meddling in the 1970 Chilean election, ITT or the CIA, could determine whether the insurance claim is valid.

Mr. Merriam told Sen. Church that ITT chairman Harold Geneen introduced him in July 1970 to William Broe, the CIA's Latin American director for clandestine services. He said he was instructed to "stay in touch" with Mr. Broe in the future. Without saying who initiated this meeting in a Washington hotel, Mr. Merriam made it clear that the CIA was impressed with political reporting on the Chilean situation by ITT's operatives in Latin America. He said Mr. Broe sent CIA messengers to his office to get the reports.

A Sept. 17, 1970, cable from Bob Berrellez and Hal Hendrix, two ITT officials in Latin America, suggested Mr. Allende's election might be headed off with help from "we and other U.S. firms in Chile." The cable recommended that advertising funds be pumped into a financially shaky conservative newspaper in Chile, and that ITT "bring what pressure we can" on the U.S. Information Service to circulate the newspaper's editorials in Latin America and Europe.

Mr. Merriam testified that he showed these recommendations to Mr. Broe, who he said "approved of them." Through the period leading up to the vote in the Chilean congress that picked Dr. Allende as president, ITT officials and Mr. Broe had repeated contacts by phone and at lunch. "Our man reports nothing new and 'picture isn't rosy,'" said one ITT internal report after a phone conversation with Mr. Broe.

In late September 1970, ITT Vice President Edward Gerrity reported to Chairman Geneen that Mr. Broe suggested ways that U.S. companies in Chile could influence the election. "The idea presented, and with which I don't necessarily agree, is to apply economic pressure," Mr. Gerrity said. "He indicated that certain steps were being taken, but that he was looking for additional help aimed at inducing economic collapse." Mr. Gerrity observed to Mr. Geneen: "Realistically, I don't see how we can induce others involved to follow the plan suggested."

ITT cites this memo as proof that it avoided dirty tricks in Chile.

Later, however, ITT agreed to take a leading role in organizing an "Ad Hoc Committee on Chile," a group of Washington representatives of companies in Chile. A meeting in February 1971 in Mr. Merriam's office was attended by representatives of Anaconda Co., Kennecott Copper Corp., W. R. Grace & Co., Pfizer Inc., Ralston Purina Co. and Bank of America. The Bank of America man, Ronald Raddatz, reported in a memo to his home office that "the thrust of the meeting was toward the application of pressure on the (U.S.) government wherever possible to make it clear that a Chilean takeover wouldn't be tolerated without serious repercussions following."

In his testimony yesterday, Mr. Merriam portrayed such meetings as routine. "We were just kicking around some ideas," he said. "We have these ad hoc committees all the time in Washington. It's just a form of life."

After ITT's Chilean phone company was seized in September 1971, the Washington office took a harder line. In a letter to Peter Peterson, then a White House assistant for international economic affairs, ITT said there are "numerous justifiable levers" the U.S. government should use to protect American property in Chile. Indeed, it included a flat suggestion that "everything should be done quietly but effectively to see that Allende doesn't get through the crucial next six months." A list of 18 specific proposals included cutting off bank loans, fostering "discontent" in the Chilean military, restricting Chilean travel and slowing down trade between the U.S. and Chile.

The internal ITT documents showed the

company thought the government's response was too weak, especially on the part of the State Department.

[From the Washington Post, Apr. 1, 1973] ITT AND CIA ON CHILE: A SEMBLANCE OF INFLUENCE OVER POLICY

(By Laurence Stern)

The most lurid of Marxist propaganda parables against the excesses of U.S. imperialism couldn't have been plotted with more heavy-handed caricature than the ITT saga in Chile, as it has unfolded the past two weeks in a Senate hearing room.

There was the giant American corporation conniving with the Central Intelligence Agency to subvert by clandestine economic warfare an elected left-wing government in Latin America.

There, also, was a senior figure of the American industrial elite, John A. McCone, serving as go-between for the CIA he once headed and International Telephone and Telegraph on whose board he sits.

There was, furthermore, the spectacle of ITT executives lobbying officials of the National Security Council, the top-secret policy arm of the White House through which the President directs American foreign operations.

The case has propelled into the limelight as CIA's operational contact man with ITT a government official with the most tantalizing job title in town, William V. Broe, chief of clandestine services, Western Hemisphere, of the CIA's Directorate of Plans.

The centerpiece of this intriguing jigsaw has been ITT itself, whose motto—"serving people and nations everywhere"—well describes its multinational and conglomerate scale of operations. ITT, the nation's eighth largest industrial corporation functions as a global subgovernment in more than 70 countries. It reported \$8.5 billion in sales and revenues during 1972.

Starting with the modest base of the Virgin Islands telephone company at the beginning of the 1920s, ITT rapidly branched out around the world under the dynamic management of a Danish entrepreneur, Sosthenes Behn, who became a naturalized American citizen when the United States bought the Virgin Islands from Denmark in 1917.

CORPORATE INVOLVEMENT

By World War II, according to Justice Department records, a German subsidiary of ITT was an owner of the company that produced the Luftwaffe's Focke-Wulf fighter while an American subsidiary was building the "Huff-Duff" U-boat detector for the U.S. Navy. After the war ITT collected several million dollars in damages from the U.S. Foreign Claims Settlement Commission for allied bombing damage to the Focke-Wulf plants, according to government records.

And so ITT's problems in Chile came against a background of broad corporate involvement in international relations.

Two weeks of public hearings by the Senate Foreign Relations Subcommittee on Multinational Corporations have provided a rare glimpse of the interrelationship between corporate interests and public policy in the conduct of U.S. foreign relations.

But it is by no means a picture of clear-cut collusion. In fact, there was some evidence of disarray within the administration toward the assumption of power in September 1970, of the first elected Marxist government in the Western Hemisphere, as the administration of Chilean President Salvador Allende was called.

The professed position of the Nixon administration toward Allende's election was one of strict neutrality. This was reiterated during the Senate hearings by former Assistant Secretary of State for Inter American Affairs

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Charles Meyer and former Ambassador to Chile Edward Korry.

Yet CIA operative Broe testified under oath that his "operational" contacts with ITT, which included agency-drafted and approved plans for sabotage of the Chilean economy, were carried out with the complete approval of his superiors.

EXPLORE OPTIONS

His superior at the time was CIA Director Richard M. Helms, who reports to the National Security Council which in turn reports directly to the President through national security adviser Henry A. Kissinger.

It is inconceivable to those familiar with the tightly managed White House national security system that such a mission as Broe conducted with ITT officials in late September, 1970—before the Chilean congress met to ratify Allende's popular election—was without full NSC approval.

How did this square with the policy of neutrality to which both Korry and Meyer attested? Meyer suggested that there was no inconsistency. The government maintained the right, he said, to explore options.

Subcommittee members reacted with skeptical grumbles. Had ITT decided to carry out Broe's suggestions, Chairman Frank Church (D-Idaho) pointed out, the "option" would have become an operational policy. ITT, as it turned out, felt the plan was unworkable. As formulated by Broe and the agency, it would have been up to ITT to execute on its own.

The gist of the plan was for a group of American companies, under ITT prodding, to use their financial clout to accelerate—as Broe testified—"the deteriorating economic situation" in Chile. The objective was to turn wavering Christian Democratic congressmen away from Allende in final balloting.

In his conversations with ITT Vice President Edward Gerrity, Broe told the subcommittee, "it was understood that he was going to be doing it and CIA was not involved. It was ITT which was looking into the thing."

That testimony was crucial, for it may have illuminated the National Security Council decision in early September, 1970, for dealing with Allende's imminent election in the Chilean congress the following month as the hemisphere's first constitutionally chosen Marxist chief of state.

The indications in the investigation, never publicly confirmed by a government witness, were that the CIA was authorized to explore various covert options designed to prevent Allende from taking power. These actions fell in the shadowy region between public policy and clandestine operations that might be carried out without the public sanction of the administration.

ITT was the chosen instrument because of the previous approaches of McCone and ITT Chairman Harold S. Geneen, prior to Allende's popular election.

ITT, as Broe testified, "was the only company that contacted the agency and expressed an interest in the current situation in Chile."

The administration may well have reacted with some trauma to Allende's popular election victory since, according to the testimony, CIA polls have inaccurately predicted the election of his opponent, Jorge Alessandri, candidate of the conservative National Party.

The CIA's rejection of Geneen's overtures the previously July for intervention in Chile could have resulted from the agency's misreading of Allende's election prospects. By its own testimony, Geneen's proffer of "a substantial fund" to finance an anti-Allende plan was unattractive to the CIA.

What the testimonial pattern suggests is that as political events crystallized in Chile, the CIA and ITT were pursuing increasingly

congruent goals: further rolling Chile's already disrupted economy, trying to promote the prospects of Alessandri in the congressional election run off, ultimately seeking to block Allende's accession as president.

KISSINGER CONCERN

ITT was pursuing its own corporate welfare in view of Allende's pre-election vows to nationalize basic industries, as well as the ITT-owned Chilean telephone company. The CIA was pursuing a softly stated mandate of the NSC to see what it could do to stave off the specter of a new Marxist administration in the politically volatile southern hemisphere.

Just how high the mandate ran within the administration can only be a subject of speculation. The Senate subcommittee does not even entertain the possibility that it can compel the testimony of Kissinger, the man who has all the answers.

But Kissinger, 12 days after Allende's popular election, is on record as having expressed serious concern over the impact of a Chilean Marxist government on surrounding countries.

In the case of ITT, the record suggests that Geneen, McCone and other corporate executives had an access to top administration officials that has created at least a strong semblance of influence over policy.

At the time it was pushing for intervention in Chile, ITT was campaigning actively in Washington against a pending antitrust action calling for it to divest itself of the \$2 billion Hartford Insurance Co.

ITT officials were, in some cases, dealing with the same administration men on the two separate matters. As it turned out, ITT won its fight on the Hartford case when antitrust chief Richard McLaren, now a federal judge, reversed himself and withdrew opposition to the merger.

Things may not end up so happily for ITT in the Chilean affair. Its claim upon the Overseas Private Investment Corp. (OPIC), a government agency, for \$92.5 million in confiscation losses is now in doubt.

Geneen's position in the company has not been totally enhanced by the revelations on Capitol Hill of the past few weeks.

ITT's chairman is due to testify on his dealings with the administration and CIA over the Chilean affair. His position, as a result of the testimony of McCone, Broe and ITT executives, is somewhat analogous to that of a man standing in a corner surrounded by wet paint.

OVERSIGHT HEARINGS TO EVALUATE THE SAFETY PROVISIONS OF THE FEDERAL COAL MINE HEALTH AND SAFETY ACT

Mr. COOK. Mr. President, in 1969, when the Congress passed the Coal Mine Health and Safety Act few people realized the tremendous impact that this legislation would have on the mining industry. I supported the act then and I support it now. There should be no question that regulations which protect the health and safety of coal miners of this Nation must be observed by the entire industry. Therefore, I rise this morning in support of the intent of the act as passed by the Congress, but I also express concern as to the implementation of the act itself.

My visits to the coal mining area of Kentucky over a year ago along with the heavy volume of mail I received at that time on this subject raised considerable doubt in my mind concerning the degree of health and safety actually being provided to the individual coal miner. Additionally, I was and still am convinced

that some regulations were placing undue hardship on the operator at no health or safety benefit to the miner.

Accordingly on June 19, 1972, here in this Chamber I stated my concern and I requested that the chairman of the Labor Committee hold oversight hearings at the earliest practicable date. In my letter to the chairman I stated that the recent action of the Congress in enacting new health legislation had cleared the way for us to now concentrate on safety aspects of the act.

I also stated that I did not advocate the weakening of the safety now afforded the miner but that I did favor a commonsense approach to the safety requirement. It was my opinion that as at that time the law had been in effect for 2 years, I believed a very worthwhile purpose could be served and that hopefully some remedial action could be initiated as a result of these proposed hearings. In the letter I included several questions which I believed warranted study. These questions are as topical today as they were a year ago and the requirement for answers is more urgent.

Unfortunately the busy schedule of the Labor Committee would not permit these hearings to be held. I do not argue with this decision as we all know how crowded our calendars become by midyear. However, I was equally convinced that a critical situation existed and that some action was necessary. I took it upon myself to hold hearings in my State and so informed the committee.

After several conferences with the Bureau of Mines I arranged a field visit to Kentucky with Dr. Elburt Osborne the director. In November of 1972, we conducted four open hearings in various parts of the State and received testimony from miners and operators on the effects of the implementation of the act. At the outset we made it clear that we were interested in the implementation of the act as it existed and in no way advocated reduction in health or safety standards. A record was made of these hearings and a copy was forwarded to the chairman of the Labor Committee.

We found that most operators were desirous of complying with the act but because of the implementing procedures published and enforced by the Bureau of Mines, they were finding this compliance unnecessarily expensive and difficult, if not impossible.

For example we found that one primary objection raised was the mandatory requirement to effect costly changes in ventilation, and electrical wiring based on the opinion of one mine inspector only to find that a second inspector may not agree with the new changes and require the operator to return to the original system. This procedure was obviously arbitrary, it did not contribute to the safety of the miner. The installation and reinstallation was costly and created excessive "down time" at the mine site.

I was encouraged that very shortly after these hearings the Bureau published new instructions which provided that, except in case of imminent danger, operators would not be required to make changes of an approved system solely on the decision of an inspector. A Bureau expert at the district or subdistrict level

ITT, CIA and Chile

Eye brows are fluttering like agitated butterflies on the Georgetown cocktail circuit. It's all a consequence of the Senate Foreign Relations subcommittee hearings on alleged skulduggery between the Central Intelligence Agency and the International Telephone and Telegraph Corporation in 1970 to prevent the election of Salvador Allende, Chile's Marxist president.

To date, there is no evidence to suggest that either CIA or ITT *did* anything improper. There is considerable evidence to suggest, however, that CIA and ITT *considered* meddling in Chile's internal politics but ultimately rejected the idea.

This should surprise no one. The CIA, as a branch of the U.S. government, obviously cannot be totally disinterested at the prospect of the coming to power of a Marxist government in the Western Hemisphere. And any company operating abroad, particularly in the more volatile parts of the world, owes it to its stockholders to keep in touch with local political developments.

"Keeping in touch" can cover such disparate activities as putting a company plane at a key cabinet minister's disposal or financing rural water supply schemes. And the power to grant favors to the company's friends also implies the power to withhold them from the company's enemies. The trick, of course, is to do this

with as little publicity as possible and without antagonizing one side to the point that you cannot live with it.

Nor is it unnatural for an American company operating abroad to seek the advice (if not the co-operation) of the CIA and State Department in assessing its risks, or for government departments to give such advice. The U.S. government, through the Overseas Private Investment Corporation, after all, insures corporations abroad against nationalization without adequate compensation.

ITT did — or considered doing — no more than scores of other multinational companies do every day. But it erred in getting caught and that could cost the company its \$92.5 million claim for reimbursement by OPIC.

Perhaps the one real and valuable lesson to be learned from the hearings before Senator Church's subcommittee is that American investment abroad, while it may reap dividends for stockholders at home, may also have political consequences which are unpleasant.

The relationship between a foreign investor, the host country and the investor's government necessarily is a complex and delicate one. It is a relationship which should be carefully re-examined both in the light of the surging tide of nationalism and of the underdeveloped world's need for capital.

The Washington Merry-Go-Round

THE WASHINGTON POST

Friday, April 6, 1973

D 19

Rogers Refused to Act Against Chile

By Jack Anderson

Minutes of a meeting between Secretary of State Bill Rogers and industrial tycoons doing business in Chile quote the Secretary as repeatedly reassuring them "that the Nixon administration was a business administration and its mission was to protect business."

Nevertheless, he refused to retaliate against Chile for expropriating American-owned businesses. It is clear from the minutes that he didn't want to push President Salvador Allende into Soviet arms.

Rogers indicated, according to the minutes, "that he had talked with the Russian Foreign Minister as to whether or not Moscow was going to finance Chile as it had Cuba. The Russian denied any such intention. Rogers went on to show grave concern of Russian domination of Latin America and its impact."

The Oct. 22, 1971, meeting was attended by representatives of International Telephone and Telegraph, Anaconda Copper, Ford Motor, Bank of America, First National City and Ralston Purina. The minutes were kept by ITT.

Most of the angry businessmen wanted the U.S. government to bail them out by taking action against Chile. Only the Ralston Purina representa-

tive, whom the ITT minutes describe as a "dove," recommended "we not cut off shipments to Chile but should use private sources to impress Allende and his government to stay in the Western bloc."

The most Rogers would do was consider an "informal embargo" and recommend "periodic meetings" on the problem. "The Secretary raised the question," the minutes state, "of whether there should be an informal embargo on spare parts and materials being shipped to Chile. The consensus of the group was quite mixed. Rogers recommended that there be periodic meetings of the group to attempt to solidify a position."

The ITT executives went away disgruntled over Rogers' attitude. Concludes the minutes: "In summary, the entire meeting indicates that the Secretary is pretty much going along with the . . . soft-line, low-profile policy for Latin America."

Big Eaters

While civilian housewives are boycotting meat this week, the military brass are feasting as usual on bargain cuts. This is our conclusion from a survey of military dining rooms and commissaries in the Washington area.

Sunday dinner at Ft. Myer near the Pentagon, for exam-

ple, was a splendid affair. Civilian waiters wheeled out dozens of hams and turkeys, plus ten huge steamship rounds of beef, for some 800 officers and their guests.

In addition, the officers gorged themselves on seafood delicacies, including sturgeon and seafood Normandy, fried chicken, a dozen different salads, vegetables and potatoes as well as dessert. Free cake was also offered for anyone claiming a birthday or anniversary.

A huge ice sculpture of a horse dominated the buffet. The price: \$3.75 for all you can eat. And the military, as a rule, eat heartily.

Meanwhile back at the Pentagon, the top brass this week continued to dine at bargain prices while thousands of lesser Pentagon employees resorted to brown-bagging their lunch. The best meal is still offered at the Army Secretary's private mess, where each day dozens of ranking generals and top civilians dine royally for a dollar.

For their own tables, military families have traditionally purchased food at wholesale prices. Military commissaries around the country report that business is brisk. Total sales over the last six weeks in the Washington area, for example, were up \$400,000

or 7 per cent compared to the first six weeks of this year.

Some commissaries report that beef sales were off last week. Others, however, say they can't meet the demand. Some military wives, to avoid rising wholesale prices, are demanding whole quarters of beef from commissaries for their home freezers.

Last week we compared commissary prices with those at a nearby Giant Food store. Despite rising wholesale prices, military housewives continue to save well over 20 per cent on commissary groceries. Some military housewives are buying food at prices civilians were paying three or four years ago.

Here are some of the better bargains found at a local commissary last week: chicken legs, 3 pounds—commissary \$1.53; Giant \$2.07; canned ham (8 lbs.)—\$8.85 vs \$19.99; lettuce—25c vs 45c; three apples—24c vs 45c; Grade A eggs—54c vs 75c; half gallon milk—42c vs 63c; orange juice—43c vs 57c.

For lowly enlisted men, such bargains are needed to keep a family healthy. But for the general, who sends his GI servant to the commissary to do his shopping, the bargains amount to one more privilege of rank.

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Hill Probes Alleged Bug Of ITT Aide

By John Hanrahan
Washington Post Staff Writer

Staff members of two congressional committees are investigating the possibility that the Denver hospital room of ITT lobbyist Dita D. Beard was bugged by means of an electronic device placed in a flower vase in March, 1972.

Senate and House sources said they could not confirm that the bugging actually took place, but that the information was so potentially explosive that it could not be ignored. The question of who ordered the purported bugging is totally unresolved, congressional sources said.

Congressional sources said that staff investigators of the Special Investigations Subcommittee of the House Interstate and Foreign Commerce Committee and the Senate select Watergate committee are looking into the matter.

The bug purportedly was placed in a flower vase in Mrs. Beard's room at the Rocky Mountain Osteopathic hospital after she was whisked there early last year by Watergate conspirator G. Gordon Liddy.

Purportedly attached to the vase sources said, was a card reading: "Best wishes for a speedy recovery—The Communications Workers of America."

Watergate conspirator E. Howard Hunt Jr. has acknowledged that he wore a brown wig and visited Mrs. Beard in her hospital room in March, 1972, to question her about the memo that she purportedly wrote linking the government's settlement of an anti-trust action against ITT with an offer of as much as \$400,000 by an ITT subsidiary to help finance the 1972 Republican National Convention, then scheduled for San Diego.

Two staff members of the Special Investigations Subcommittee met in Denver on Tuesday with Robert E. Wilkinson, a Denver area private detective and purportedly a key figure in the alleged bugging. The investigators were staff assistant Albert J. McGrath and staff attorney Michael F. Barrett Jr.

Subcommittee sources and Wilkinson himself told The Washington Post yesterday that the meeting lasted only about five minutes and did not get into the substance of the allegations concerning the bugging.

The subcommittee sources said that McGrath and Barrett informed Wilkinson at the outset that the subcommittee could not grant immunity and suggested that Wilkinson contact his attorney, and then if he desired, get in touch with the subcommittee.

Wilkinson is currently under indictment on charges of illegal wiretapping and eavesdropping in two Colorado counties and House sources said the investigators did not wish to question him, under those circumstances, without his lawyers being present.

Wilkinson, with his attorney, Victor Abbo, listening on another telephone line, refused to comment on most questions put to him by The Post yesterday. Wilkinson and his lawyer said they could state "affirmatively" that Wilkinson had information relating to the alleged bugging attempt, but would not elaborate.

Wilkinson refused comment on reports in two Colorado newspapers yesterday that he and a Loveland, Colo., electronics technician, James M. Bailey, were involved in the purported bugging effort.

Wilkinson did comment on one report in The Rocky Mountain News that he had been hired by an alleged CIA agent to perform the bugging, saying:

"It was alleged this alleged plot was done on behalf of the CIA. That was the most ridiculous thing I ever heard of in my life."

Wilkinson, according to a Senate source, had told U.S. Attorney James L. Treece, in Denver, that he had been involved in the alleged bugging plot. Treece was called for comment by The Post, but did not return the call.

Both The Rocky Mountain News and Denver Post yesterday quoted Treece as saying that he had authorized an investigation into the alleged bugging two months ago, but that the probe ended when Wilkinson withdrew a statement he had made earlier to the FBI about the matter.

Wilkinson said yesterday that he would not comment on whether he had given any statement to the FBI. He acknowledged having had business dealings with Bailey, but would not comment on whether Bailey was involved in the alleged plot. Bailey could not be reached for comment.

The alleged bugging occurred during a time when members of the Senate Judiciary Committee visited Mrs. Beard to question her while the Committee was considering the nomination of Richard Kleindienst to be Attorney General. A key issue in the hearing was the Justice Department's action in the ITT settlement.